

FBIS**DAILY REPORT
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ZHAO SENDS MESSAGE ON DEATH OF CHINESE AMERICAN

OW200810 Beijing XINHUA in English 0801 GMT 20 Nov 84

[Text] Beijing, November 20 (XINHUA) -- Chinese Premier Zhao Ziyang yesterday sent a message of condolence to the family of professor Chen Pien Li, expressing his grief and sympathy on the death of the noted Chinese American. "Shocked to learn of the death of Professor Chen Pien Li, I feel very sorrowful," the message said.

Zhao noted that Professor Li loved his motherland, showed deep concern about the development of Sino-American relations and made a positive contribution to the exchanges of medical science between the United States and China. Li died on November 16 at the age of 86 after a long illness.

A schoolmate and close friend of the late Chairman Mao Zedong, Li went back to China on two occasions and met with both Mao and the late Premier Zhou Enlai. At an advanced age, he welcomed Premier Zhao Ziyang last January when the premier visited the United States.

SHULTZ' RESPONSE TO CHERNENKO STATEMENT NOTED

OW172040 Beijing XINHUA in English 2032 GMT 17 Nov 84

[Text] Washington, November 17 (XINHUA) -- U.S. Secretary of State George P. Shultz, responding to a statement by Soviet leader Konstantin U. Chernenko, called last night for a return to the "private processes of diplomacy" in order to work toward new U.S.-Soviet agreements.

Answering NBC's questions, Chernenko called for a return to the era of Soviet-American detente, saying that the top priority in bilateral relations should be "the limitation and reduction of arms, and above all nuclear arms, prevention of the spread of the arms race into areas which have been free of that race so far." He said that if the Reagan administration was sincere in arms limitation, "we could, at last, start moving toward more normal relations between our two countries and toward a more secure world." Chernenko's written answers were broadcast here last night.

In an interview with NBC News, Shultz said, "We welcome his (Chernenko's) statement", "We're ready to sit down and engage in real negotiation with the Soviet Union on arms control and seek concrete results and work out problems." Shultz and several other U.S. experts noted that the tone of the Chernenko statement was "positive", though it did not seem to advance Moscow's substantive positions as stated previously. Shultz agreed with Chernenko that the time was not ripe for a summit meeting. But he said that what the two countries had to do was to "move from the various public statements" into "the private processes of diplomacy and really sit down in small groups and work concretely on problems and look for real results. That's what comes next."

U.S. LOGISTICS DELEGATION FETED IN BEIJING

OW161957 Beijing XINHUA in English 1603 GMT 16 Nov 84

[Text] Beijing, November 16 (XINHUA) -- Hong Xuezhì, director of the General Logistics Department of the Chinese People's Liberation Army, met and feted a U.S. logistics delegation led by Assistant Secretary of Defense Lawrence Korb at the Great Hall of the People here this evening.

Both Hong and Korb expressed satisfaction with the contacts in recent years between the logistics departments of the Armed Forces of China and the U.S. They also hoped for increasing contacts in the future.

The U.S. logistics delegation arrived here yesterday at the invitation of the Chinese Ministry of National Defense. It will tour Tianjin, Xian, Hangzhou and Shanghai, visit storehouses, schools and units of the PLA, and hold talks on logistics work with the Chinese departments concerned.

SCIENTISTS VISIT U.S., DISCUSS COOPERATION

OW190721 Beijing XINHUA in English 0635 GMT 19 Nov 84

[Text] Washington, November 18 (XINHUA) -- The president of the Chinese Academy of Sciences Lu Jiaxi, after concluding a 10-day visit to the United States today, said that Chinese and American scientists had discussed possibilities of entering a new stage of cooperation which would benefit both countries. The delegation of Chinese Academy of Sciences in the first high level meeting with the American National Academy of Science exchanged views with American scientists on the development of technologies in bioengineering.

Biennial meetings between the Chinese Academy of Sciences and the American National Academy of Science were proposed by the President of the American National Academy of Science Frank Press during his visit to China last year. Previously the American National Academy of Science had such an arrangement only with the Royal Academy of Science of Great Britain.

During its visit to the U.S., the delegation met with American scientists, scientists of Chinese origin and Chinese students and visiting scholars in America. The Chinese Ambassador to the U.S. Zhang Wenjin held a reception in honor of the delegation during its stay in America.

SOLAR ENERGY POWER GENERATOR COPRODUCED IN HUNAN

OW161259 Beijing XINHUA in English 1224 GMT 16 Nov 84

[Text] Changsha, November 16 (XINHUA) -- A solar energy power generator, produced by a Chinese factory in cooperation with a U.S. firm, had its first successful test run today in Xiangtan, Hunan Province. The five-kilowatt [as received] generator collects the sunrays on a reflecting mirror 7.3 meters in diameter. The mirror aggregates the rays onto an absorber containing silicone oil. This is heated to a temperature of 400 degrees centigrade by the sunlight. The heated oil vaporizes toluene, which drives the turbine to generate electricity.

The computer-controlled generator was designed by the Electronic Space Systems Co. of the United States and built by the Xiangtan Electrical Machinery Plant. The generator is suitable for use in deserts, tropical areas, islands, mountainous areas and grasslands, experts said.

KYODO ON PLANS FOR PRC VISIT BY USSR'S ARKHIPOV

Officials Arrive in Beijing

OW201115 Tokyo KYODO in English 1034 GMT 20 Nov 84

[Text] Beijing, Nov 20 KYODO -- The Soviet Union has sent a group of working-level officials to Beijing prior to First Deputy Premier Ivan Arkhipov's China visit scheduled for late this year, diplomatic sources here said Tuesday.

The sources said the Soviet officials, belonging to the Foreign Trade Ministry and the State Committee for Foreign Economic Relations, are now engaged in negotiations with Chinese officials on the contents of bilateral accord on economy, and science and technology. These agreements are expected to be concluded while the Soviet first vice premier is in this capital. The sources said Arkhipov and Chinese officials will discuss ways to expand economic and other non-political exchanges.

They said next years trade between the two countries is estimated to reach 2 billion dollars both ways, double the estimated figure for this year. The two countries have provisionally decided to increase the number of exchange students and researchers to 100 each next year from this year's 70.

Liu Shuqing Cited on Visit

OW141207 Tokyo KYODO in English 1150 GMT 14 Nov 84

[Text] Tokyo, Nov 14 KYODO -- Soviet First Deputy Premier Ivan Arkhipov is expected to visit Beijing this year, but there will be no major progress in bilateral relations unless Moscow removes what China describes as three obstacles, it was reported Wednesday.

Chinese Assistant Foreign Minister Liu Shuqing made this known -- the first official Chinese confirmation of Arkhipov's visit to Beijing within this year -- at the fifth Sino-Japanese working level consultation held at the Foreign Ministry.

Arkhipov was originally scheduled to visit China in May, but the Soviet Union called it off.

Liu was quoted as telling his Japanese hosts that China has told Moscow it would welcome the first deputy premier anytime. However, he reportedly went on to say that there would be no major progress in Beijing-Moscow relations as long as the Soviet Union refuses to remove three obstacles to improve bilateral ties:

-- a reduction in the number of troops stationed on the Sino-Soviet border.

-- withdrawal of Soviet forces from Afghanistan.

-- a halt to Soviet support of Hanoi in the stationing of Vietnamese Armed Forces in Kampuchea.

Japanese officials said Liu told them important Chinese and North Korean figures have had frequent interchanges, but made negative remarks concerning speculation President Kim Il-sung may have visited China this year. He also said North Korea is looking for relaxation of tension on the Korean peninsula with sincerity, that it expects improved relations with Japan and that relations between China and the United States are in a favorable situation, but could be damaged depending on the issue involving Taiwan.

FURTHER REPORTAGE ON LI XIANNIAN PORTUGAL VISIT

Eanes Hosts Banquet

OW171023 Beijing XINHUA in English 0947 GMT 17 Nov 84

["Portuguese President on Sino-Portuguese Relations, World Affairs" -- XINHUA headline]

[Text] Lisbon, November 16 (XINHUA) -- Portuguese President Antonio Ramalho Eanes said here today that Chinese President Li Xiannian's state visit to Portugal "constitutes a most significant and historic moment" in Sino-Portuguese relations. In his speech at the state banquet he gave in honor of President Li, Eanes said the first visit to Portugal by a Chinese head of state "constitutes a most significant and historic moment in the tradition harmonious relations between the peoples of the two countries and provides a privileged occasion for us to promote dialogue and strengthen cooperation between our two countries."

He said that China's drive for economic development and the modernization of its society constitutes "a challenge of great significance to all mankind." He said China has always taken this principle as the guideline for its foreign policy: a beneficial opening to the world while firmly and vigorously defending its full independence of national determination. By applying these great principles, he pointed out, China is playing an increasingly important role in the world arena and making greater contributions to securing the peaceful and balanced solutions in international relations.

On Sino-European relations, he said his country believes that under the present world situation, "closer ties between China and Europe will bring about highly beneficial effects because complementarity exists between their productive structures and these closer ties will also strengthen the two regions's capability for proper and autonomous intervention under the present increasingly bi-polarizing international situation and growing tension."

The president said as one of the founders of the Atlantic alliance, Portugal fully agrees to the important principles of freedom and peace as the basis of the alliance. Therefore, Portugal is following closely the developments which would enable the two blocs and the two superpowers to establish great trust between them so as to make contributions to the establishment of a new situation for world balance and peace. He noted that Portugal also pays attention to the prominent efforts China has made in supporting the development of the Third World and its contributions to the promotion of the South-North dialogue.

To develop friendly and cooperative relations with Portuguese-speaking African countries is of Portugal's supreme and long-term interest, he said, adding that in all circumstances, Portugal will spare no efforts in strengthening these relations.

Portugal, he said, holds that in dealing with all affairs concerning the process of independent development of Portuguese-speaking African countries, every country should not intervene in the self-determination of these countries. He went on to say that by pursuing this policy, Portugal formulated political relations and policies of cooperation in economy, science and technology and culture with those countries and hoped to further expand these relations.

The president said as the current situation in East Timor is worsening, Portugal hopes diplomatic efforts will be taken under the auspices of the U.N. secretary general leading to a just settlement of the East Timor problem acceptable to all parties and recognizing the right of self-determination of the local people while preserving their cultural identity.

Li Speech at Banquet

OW170300 Beijing XINHUA in English 0234 GMT 17 Nov 84

[Text] Lisbon, November 16 (XINHUA) -- Following is the full text of the speech by visiting Chinese President Li Xiannian at the state banquet given in his honor by Portuguese President Antonio Ramalho Eanes here today:

Your Excellency President Antonio Ramalho Eanes and Madame Eanes, ladies and gentlemen:

It is a great pleasure for me to come to your country on my first state visit at Your Excellency's kind invitation after travelling from distant Beijing. On behalf of my colleagues and in the name of my wife and myself, I wish to express our sincere thanks to Your Excellency and Madame Eanes for hosting this grand state dinner for us.

Portugal is prominently located in Europe when the age-old continent and the vast Atlantic Ocean meet. Its strategic location and its ancient culture and history assure it a high regard by the people of the world. In 1974 the heroic Portuguese people overthrew the protracted autocratic rule, thus opening a new page in the history of Portugal and creating the necessary condition for increased friendly relations between Portugal and other countries.

The establishment of diplomatic relations between China and Portugal five years ago was an important event in the Sino-Portuguese relations and laid a good political foundation for the rapid strengthening of ties between our two countries. Since then our two governments have signed a series of agreements on trade, cultural, industrial, scientific and technological cooperation and there have been increased exchanges in various fields and interflow of personnel between our two countries. Both our countries face the task of developing the economy and improving the people's livelihood and need peace. To develop Sino-Portuguese relations and strengthen cooperation to our mutual benefit conform to the common interests and desires of our two peoples and are also conducive to the maintenance of world peace and stability. The Chinese Government and people are ready to work together with the Portuguese Government and people to further advance the friendly relations and cooperation between our two countries.

Ladies and gentlemen: The current international political and economic situation is most grim. The rivalry between the two superpowers for world hegemony and their nuclear arms race for the same purpose have brought about international tension and turbulence and posed grave threats to world peace and the security of the people of all countries. The inequitable and irrational international economic order has aggravated the economic burdens of the developing countries and widened the gap between the North and the South. Peace and development are two major issues of universal concern. Development is possible only in a peaceful environment, and only collateral development of all countries based on mutually beneficial cooperation will help promote world peace and stability.

The underlying principle of China's foreign policy is to oppose hegemonism and safeguard world peace. We hold that the Five Principles of Peaceful Coexistence, namely, mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence, should be the basic norms governing relations among nations. All issues left over from history and disputes between nations should be settled through peaceful negotiations and consultations on an equal footing without resorting to the use or threat of force. The course of international relations since the end of World War II shows that the Five Principles of Peaceful Coexistence, as the basic norms governing relations among nations, have stood the severe test of international vicissitudes. These guiding principles are applicable not only to relations between countries with different social systems, but also to those between countries with the same social system. If these principles are followed, countries with different social systems can live in harmony and cooperate in friendship. If they are violated, sharp confrontation or even conflict may result between countries with the same social system, be they developed or developing countries. In order to safeguard world peace and ease the international tension, it is vital to urge all countries, above all the superpowers, to strictly observe the Five Principles of Peaceful Coexistence. For this purpose the Chinese Government and people are ready to cooperate with the Portuguese Government and people and all other peace-loving and justice-upholding countries and peoples in making persistent efforts.

As a member of the Third World, China firmly supports the other Third World countries in their just cause of safeguarding national independence and developing national economy. We are for restructuring the existing irrational international economic order and improving North-South relations. Guided by the principles of "equality and mutual benefit, stress on practical results, diversity in form and attainment of common progress," we are actively promoting South-South cooperation. We are glad to note that Portugal has endeavored to develop economic relations and trade with African and other Third World countries on the basis of equality and mutual benefit. These efforts are no doubt praiseworthy.

Ladies and gentlemen: The Chinese people are redoubling their efforts to realize China's socialist modernization. China's development is impossible without regard to the world context. To open to the outside world while maintaining independence and relying on our own efforts is China's important national policy formulated after summing up historical experience and careful consideration. This policy is applicable to all countries. That is to say, China's door is open to all countries, big or small, developed or developing. We attach importance to economic and technological cooperation with big foreign enterprises and also with small and medium-sized ones. Recently, we have made a decision to speed up the restructuring of China's entire national economy with the urban economy as the focus, which will further promote the growth of the forces of production in China and create more favorable conditions for increased economic exchanges with other countries. Viewed from the global political and economic perspectives, China's development is in the interest of world peace and conducive to the world economic development.

There exist potentials in the development of economic and technological cooperation between China and Portugal. It can be expected that with our joint efforts to continue exploring new forms and channels of cooperation, the economic and technological cooperation between China and Portugal will be raised to a higher level for the benefit of our two peoples.

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FOR INTERNATIONAL AFFAIRS
WESTERN EUROPE

Ladies and gentlemen: I would like to say before concluding my speech how greatly honored I am to visit Portugal as the guest of Your Excellency President Eanes. I am fully aware of the sincere sentiments Your Excellency cherishes towards the Chinese people. I warmly wish Your Excellency and Madame Eanes will visit China and I look forward to your visit.

May I now propose a toast to the prosperity of the Republic of Portugal and the well-being of its people, to the friendship and cooperation between China and Portugal and our two peoples, to the health of Your Excellency and Madame Eanes, to the health of His Excellency the prime minister and madame, and to the health of ladies and gentlemen present!

Li Visit 'Milestone'

OW172056 Beijing XINHUA in English 2037 GMT 17 Nov 84

[Text] Lisbon, November 17 (XINHUA) -- Portuguese Prime Minister Mario Soares today described Chinese President Li Xiannian's current visit here as "a milestone in the history of our bilateral relations." He predicted that the visit would "bring about widen cooperation, better and deeper understanding" between the two countries. Speaking at a luncheon in Li's honor, he said the Portuguese people are watching closely China's progress in speeding up its development and the achievements made by the Chinese people in economic and scientific fields.

He said both Portugal and China observed the general principles guiding international relations. "We condemn the Soviet invasion in Afghanistan. We condemn Vietnam's military occupation of Kampuchea and stand for complete independence for Kampuchea. We oppose the use of force as means of settling conflicts."

In his speech, President Li paid high tribute to the role Soares played in promoting the establishment of diplomatic relations between the two countries. China, he said, sought to develop friendly relations, on the basis of the Five Principles of Peaceful Coexistence, with all countries, be they big or small, strong or weak, far away from China or China's close neighbors, new acquaintances or old friends.

He noted that the relations between China and Portugal had developed steadily in the past few years as they treated each other with due respect and on the equal footing. "I believe," he stated "it would not be difficult to settle any question that might exist between us so long as both sides continue to treat each other honestly and observe the Five Principles of Peaceful Coexistence." He assured his host that China was willing to work for the development of friendly and cooperative relations with Portugal. Li pointed out that the superpowers' rivalry for world hegemony and their intensified arms race were a grave threat to world peace and the security of other countries. China was committed to working with Portugal and other peace-loving countries to help ease world tension and safeguard world peace, he said.

Li Conveys Zhao Invitation

OW172202 Beijing XINHUA in English 2151 GMT 17 Nov 84

[Text] Lisbon, November 17 (XINHUA) -- Visiting Chinese President Li Xiannian today met with Portuguese Prime Minister Mario Soares and conveyed Premier Zhao Ziyang's invitation to him for a visit to China.

"I will visit China again whenever I have the opportunity," responded Soares. He recalled that his trip to China in 1980 left him a deep impression and brought him into direct contact with the Chinese people and their ancient culture.

Meeting with the Chinese president at the guest house -- Queluz National Palace -- this morning, Soares told the Chinese president that his country was working together with Spain for a settlement of their membership of the European Economic Community. Li reaffirmed that China hoped to see a united and strong Europe.

When Soares mentioned that Portugal had close relations with Portuguese-speaking countries in Africa and Latin America, Li said that China would like to see good relations between Portugal and these countries on the basis of equality.

In their talks, President Li stressed, "Issues left over from history should be settled properly so as not to cause unpleasant feelings due to different explanations of history." He added, "We should attach importance to the reality and think more about the future. It is the 20th century now and I hope that the 21st century will be more stable and peaceful."

Later, President Li met Fernando Amaral, the president of the Portuguese Assembly of the Republic at the guest house this morning. Briefing on China's foreign policy, Li told Amaral that China always maintained that its relations with all other countries must be based on the Five Principles of Peaceful Coexistence.

Li said, "China has differences with the Soviet Union and the United States, but it is willing just the same to have good relations with them on the basis of the Five Principles." He agreed with Amaral's remark that international issues should be solved through continued dialogue and the peaceful means of negotiation.

Li Gives Return Banquet

OW180142 Beijing XINHUA in English 0131 GMT 18 Nov 84

[Text] Lisbon, November 17 (XINHUA) -- Visiting Chinese President Li Xiannian gave a return banquet at the Chinese Embassy here this evening. Portuguese President Ramalho Eanes and his wife attended the banquet. Also present were Prime Minister Mario Soares and his wife, President of the Assembly of the Republic Fernando Amaral, Deputy Prime Minister and Defense Minister Mota Pinto.

The banquet proceeded in a warm and friendly atmosphere. Both guests and hosts proposed toasts to the constant development of friendly relations and cooperation between China and Portugal. President Li Xiannian's wife Lin Jiamai, and State Councillor and Minister of Foreign Affairs Wu Xueqian, were present on the occasion.

At a welcoming ceremony held at the Lisbon Municipal Hall this morning, Mayor Nuno Abecassis conferred upon President Li the title of honorary citizen of the city and presented him with a gold key to the city. In the afternoon, Li toured the century-aged Sao Jorge Castle, a famous tourist attraction in Lisbon.

Li Sees Oporto, Dines With Eanes

OW190222 Beijing XINHUA in English 0204 GMT 19 Nov 84

[Text] Lisbon, November 18 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamai were invited to a family dinner by Portuguese President Antonio Ramalho Eanes and Mrs. Eanes here this evening. The dinner proceeded in a cordial and warm atmosphere.

President Li expressed thanks for the hospitality accorded to him during his stay here. The Portuguese leader congratulated Li on his successful visit to Portugal and hoped that the relations between the two countries will further develop.

During the day, President Li and his wife were accompanied by President Eanes and Mrs. Eanes to Oporto, Portugal's second largest city, about 350 kilometers north of Lisbon, and received a warm welcome there. When his limousine came to the square in front of Oporto's municipal hall late this morning, Li was greeted with applause from a large crowd.

After reviewing a guard of honor, Li shook hands with the welcoming people, wishing the friendship between the Chinese and Portuguese peoples ever lasting. In the company of the Portuguese president, Li visited a cork processing plant of the Amorim Cork Company about 20 kilometers away from Oporto in the afternoon.

Li hoped that China and Portugal will cooperate with each other in cork production and processing while touring the plant. Portugal, rich in cork and famous for cork processing, controls about half of the world's cork products market.

Li and his party, including State Councillor and Foreign Minister Wu Xueqian, also went sightseeing in the beautiful city of Oporto on the Atlantic Coast. President Li, who arrived here last Friday for a four-day state visit to Portugal, is scheduled to leave here for Malta tomorrow.

Wu Xueqian Attends Luncheon

OW170326 Beijing XINHUA in English 0309 GMT 17 Nov 84

[Text] Lisbon, November 16 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian, who is accompanying President Li Xiannian on a state visit to Portugal, attended a luncheon given in his honor by Portuguese Foreign Minister Jaime Gama here today.

In their toasts, the two foreign ministers reviewed the development of friendly relations and cooperation since the two countries established diplomatic relations in 1979. Gama said it was his hope that President Li's state visit to Portugal would help the gradually developing Sino-Portuguese relations enter a new stage and bilateral cooperation reach a new scale.

Wu said he was very pleased to note that Sino-Portuguese friendly relations and cooperation had, in the past five years, smoothly developed in the political, economic and cultural fields as a result of the joint efforts of the two governments and the two peoples.

He said although the two countries had different social systems and cultural traditions, the continued development of Sino-Portuguese relations had a good political basis so long as both countries observed the Five Principles of Peaceful Coexistence.

Referring to the issue of Macao, which was mentioned by Jaime Gama, Wu Xueqian said, "the Portuguese Government made a clear statement on Macao's status when the two countries established diplomatic relations in 1979." "I believe that through friendly negotiations we can settle this issue as one left over by history," he added.

Wu Interviewed on Macao Issue

OW180853 Beijing XINHUA in English 0134 GMT 18 Nov 84

[Text] Lisbon, November 17 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian said here today it should be acknowledged that the issue of Macao, left over by history, remains unsettled and is still a problem.

In an interview with Portuguese reporters and reporters from Hong Kong and Macao, Wu reaffirmed that Macao belongs to China since ancient times. The Portuguese Government made a clear statement in this regard when China and Portugal established diplomatic relations in 1979. He expressed the belief that the issue of Macao can be properly settled through friendly negotiations between the two governments.

Asked when the issue of Macao will be settled, Wu said that sooner or later will it be settled, that is, settled through peaceful negotiations by the two governments when conditions are ripe.

Wu told the reporters that President Li Xiannian's visit to Portugal is designed to enhance mutual understanding between leaders of the two countries and help develop further the relations between the two governments and peoples. Wu said that during the visit, the first he paid to this country, the Chinese president received a grand and warm welcome. "We are grateful for this," he said. He noted that the Portuguese-speaking countries in Africa have won independence. "We found that, like the Chinese Government, the Portuguese Government is also quite concerned about those African countries' just cause of consolidating their national independence and developing the national economy."

Wu reaffirmed that the Chinese Government always stands on the side of the African people and supports their struggle for safeguarding their independence and economic development. "In this respect, the Chinese and Portuguese Governments share a common aspiration and hold many identical views." Both China and Portugal are also quite concerned about the natural disasters and the social and political problems facing Africa, Wu said.

In reply to a question about East Timor, Wu said: "We are always concerned with this issue. We hope that it would be settled through peaceful means. The countries involved in this issue should first of all take the interests and aspirations of the overwhelming majority of the East Timorese people into consideration, and find a peaceful solution through negotiations."

Wu also told a reporter from the Macao broadcasting station: "We always regard Hong Kong and Macao compatriots as our own flesh and blood. The Chinese and British Governments initialled the joint declaration on the question of Hong Kong not long ago. The overwhelming majority of Hong Kong compatriots feel pleased with it."

Before concluding the interview, the state councillor asked the journalist to convey to the Hong Kong and Macao compatriots the greetings of the people in the Chinese mainland.

Portuguese Coverage

For Lisbon reportage on the visit to Portugal by President Li Xiannian and Foreign Minister Wu Xueqian, including their meetings with Portuguese President Antonio Ramalho Eanes and Prime Minister Mario Soares, see the Portugal section of the 19 November Western Europe DAILY REPORT and subsequent issues.

Li Departs for Malta

OW191407 Beijing XINHUA in English 1339 GMT 19 Nov 84

[Text] Lisbon, November 19 (XINHUA) -- Chinese President Li Xiannian left here today for Malta on the third leg of his south European tour, at the end of his four-day successful state visit to Portugal. A seeing-off ceremony was held at the Lisbon airport.

Before he got on the plane, the Chinese president warmly shook hands with Portuguese President Antonio Ramalho Eanes, and expressed his hearty thanks to the Portuguese leaders and people for the warm hospitality he received during his stay in this country.

While visiting here, President Li conferred with President Eanes and Prime Minister Soares on international issues of common interest as well as bilateral relations. They found both sides share similar views on important international issues and cherish the same aspiration for further developing relations between the two countries. Seeing off President Li at the airport was also Chinese Ambassador to Portugal Lu Jixin.

Li Thanks Eanes for Hospitality

OW191938 Beijing XINHUA Domestic Service in Chinese 1549 GMT 19 Nov 84

[Text] Valletta, November 19 (XINHUA) -- On the plane leaving Lisbon for Malta, President Li Xiannian of the People's Republic of China sent a cable to Portuguese President Antonio Ramalho Eanes thanking him for his gracious hospitality.

The cable reads: "Upon departing your beautiful country, allow me to thank you and the Portuguese Government as well as the people of all circles for the gracious hospitality accorded me. The direct contact between Chinese and Portuguese leaders not only can help strengthen mutual understanding and friendship, but also will further promote the development of friendly cooperation between our two countries. I expect to meet Your Excellency again in Beijing next year."

LI XIANNIAN RECEIVED BY MALTA'S BARBARA 19 NOV

OW192058 Beijing XINHUA in English 2041 GMT 19 Nov 84

[Text] Valletta, November 19 (XINHUA) -- Chinese President Li Xiannian, accompanied by his wife Lin Jiamei, flew in here from Lisbon this afternoon for a three-day [as received] state visit to Malta at the invitation of Maltese President Agatha Barbara.

This is the first visit of a Chinese head of state to this country -- "the pearl of the Mediterranean." Malta and China have had good relations since the establishment of diplomatic relations in 1972. Malta is the last leg of President Li's three-nation south European tour, which had taken him to Spain and Portugal.

Li was greeted by President Barbara, Speaker of the House of Representatives Daniel Micallef, Senior Deputy Prime Minister and Minister of Education Carmelo M. Bonnici and other senior government officials at the Luqa airport. A grand welcome ceremony was held near the airport.

In a written statement issued at the airport, the Chinese president said, "Both Malta and China uphold the Five Principles of Peaceful Coexistence. Substantial progress has been made in the friendly relations and cooperation between the two countries, thanks to their joint efforts." "The purpose of my current visit to your country," he said, "is to enhance mutual understanding, further strengthen the mutually beneficial Sino-Maltese cooperation and work for the common cause of maintaining world peace."

During his stay here, Li is expected to discuss bilateral relations and international issues of common concern with President Barbara and other leaders of Malta. Chinese State Councillor and Foreign Minister Wu Xueqian and other members of the president's party arrived by the same plane.

In recent days, the Maltese media have published articles on China and acclaimed Li's visit to this country. THE TIMES today said in a frontpage article that the visit is "an indication of the warm relations which exist between Malta and China."

FURTHER ON PRC VISIT BY NORWAY'S WILLOCH

Zhao Ziyang Hosts Banquet

OW181640 Beijing XINHUA in English 1616 GMT 18 Nov 84

[Text] Beijing, November 18 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that Sino-Norwegian relations had entered a new stage which was full of hopes. Zhao made these remarks at a banquet here tonight welcoming the Norwegian Prime Minister Kaare Willoch and his wife Anne-Marie Willoch.

In his reply, the Norwegian Prime Minister said that one of the purposes of his visit to China was to promote further development of the economic relations between the two countries.

In his toast, the Chinese premier said: Over the past three decades since the two countries established diplomatic relations, "there has been comprehensive and rapid development of friendly ties and cooperation between China and Norway in the political, economic, cultural, scientific and technological fields. As a symbol of the friendly relations and cooperation between our two countries, Bei Dou, a ship donated to China by the Norwegian Government for surveying fishery resources was handed over to the Chinese side in Qingdao last month." Zhao also disclosed that during the Norwegian prime minister's visit, they would sign the agreement regarding the mutual protection of investments which he described as having great importance to the economic cooperation between the two countries.

He said, "Norway is China's important partner in its modernization drive. There are great potentialities and broad prospects for Sino-Norwegian cooperation. Further development of friendly cooperation between the two countries in various fields, particularly that of economic and technological cooperation, will not only promote the prosperity of our two countries, but also make for world peace and stability."

On international issues, Zhao said that maintenance of peace and economic development were major issues of common concern to the people the world over. "But," Zhao said, "the stark reality we are faced with now is that the superpowers are stepping up their arms race and, as a result, world peace is seriously jeopardized. It is gratifying, however, that more and more countries, the numerous small and medium-sized countries in particular, are determined to grasp their destiny in their own hands and play their due role in halting the arms race, relaxing international tensions and maintaining world peace."

He also said, "Europe and China are both important forces for the maintenance of peace. We in China appreciate the great efforts made by Norway to help bring about disarmament, ease up East-West relations and promote North-South cooperation. We are sure that intensified cooperation in various fields between China and Europe, each pursuing an independent policy, will make greater contribution to maintaining world peace."

The Norwegian prime minister said, "We have noted with great interest your decision to engage in closer economic and technical cooperation with other countries on the basis of equality and mutual benefit. For her part, Norway has over the years enjoyed positive results of such a policy." He said that the two countries had a number of opportunities for increased economic relations today. Trade between our two countries was now on the increase. Norwegian companies were also interested in establishing joint ventures and other forms of economic cooperation with Chinese organizations, he added.

He said that the two countries should also further the cultural exchanges. He said that Norwegians shared the desire of the Chinese people for peace and security in freedom. This was not only a question of their own national security, but also of safeguarding world peace. The two countries had common views on many international issues.

He said, "I readily concur with your view that peace and development are the two major concerns of the peoples of all countries today. These two concepts are inter-related." He pointed out that a serious impediment to the attainment of both objectives is the present arms race. Every effort should be made to halt the arms race and to get negotiations started again.

The Norwegian prime minister said that one of the greatest challenges facing mankind was the increasingly dire plight of millions of people in the poorest countries. "We have noticed with great respect the constructive role played by China in the relations between developing nations and in the North-South dialogue," he said.

Present at the banquet were Kang Shien, state councillor, Tang Ke, minister of petroleum industry, Qian Yongchang, minister of communications, Zhou Nan, assistant foreign minister, and Zhang Yongkuan, Chinese ambassador to Norway. Also present were members of the Norwegian prime minister's entourage and Norwegian Ambassador to China Arne Arnesen.

Zhao, Willoch Hold Talks

OW190921 Beijing XINHUA in English 0902 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- Chinese Premier Zhao Ziyang and visiting Norwegian Prime Minister Kaare Willoch today agreed in the view that the United States and the Soviet Union should halt their arms race and return to the negotiating table. They said this during a 200-minute meeting in the Great Hall of the People here. The talks, a continuation of discussions they held last June when Premier Zhao visited Norway, covered the latest international developments and Sino-Norwegian economic and technical cooperation.

The two leaders agreed that East-West tensions and the on-going arms race posed great threats to world peace.

Intensified rivalry between the two superpowers in many regions and a deadlock in the North-South dialogue had added new destabilizing factors to the world situation, Premier Zhao said. "But the situation is not hopeless, and world peace can still be maintained," he added. Zhao briefed Willoch on Sino-U.S. and Sino-Soviet relations and the situation in Asia. Willoch expressed his support to China's position on the Kampuchean issue.

The two leaders expressed satisfaction with the development of Sino-Norwegian relations, and maintained that there was great potential for further growth. They also exchanged views on expanding economic and technical cooperation in areas including petroleum, shipping, shipbuilding, electronics, fisheries and hydroelectric power generation.

Zhao said Norwegian entrepreneurs are welcome to invest in key energy and communications projects in China and the upgrading of its older factories.

Taking part in the talks were Norwegian Ambassador to China Arne Arnesen, State Secretary of the Office of the Prime Minister Kjell Colding and State Secretary of the Royal Ministry of Trade and Shipping Arne Synnes. Also present were Minister of Petroleum Industry Tang Ke, Vice-Foreign Minister Zhou Nan, Vice-Minister of Foreign Economic Relations and Trade Jia Shi, and Chinese Ambassador to Norway Zhang Yongkuan.

Willoch Views Performance

OW191622 Beijing XINHUA in English 1446 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- Norwegian Prime Minister Kaare Willoch and Mrs. Willoch attended here tonight an evening performance of music and dances including a piece of music composed by Norwegian composer Edvard Grieg. Chinese Minister of Petroleum Industry Tang Ke accompanied the Norwegian visitors at the performance sponsored by the Chinese Ministry of Culture.

Talks With Deng Xiaoping

OW200947 Beijing XINHUA in English 0927 GMT 20 Nov 84

["We're on the Right Road, Deng Tells Norwegian PM" -- XINHUA headline]

[Text] Beijing, November 20 (XINHUA) -- Chinese leader Deng Xiaoping told visiting Norwegian Prime Minister Kaare Willoch here today that China was now on the right track of reform."

"The process will not be suspended," he said, and he described the recent decision of the 3d Plenary Session of the 12th party Central Committee on reforming the economic structure as a "resolute and daring act."

Deng, who chairs the Communist Party's Central Advisory Commission, met the prime minister at the Great Hall of the People. Their previous meeting was 10 years ago, when Willoch visited China.

Willoch told Deng that he found "tremendous changes have taken place in China during these past years." Deng replied: "It can be said that the changes are substantial."

Deng gave an account of the decisions, objectives, principles and policies of China's economic restructuring. He said initial decisions were made at the 3d Plenum of the 11th party Central Committee held in 1978. Deng explained: "We have repudiated the 'Cultural Revolution,' and have set forth the general task and line for socialist construction. That is, the whole country, from top to bottom, should expand production and carry out the modernization program wholeheartedly."

Deng said: "China's reforms in the rural areas are in essence a revolution, which aims at emancipating the productive forces. Quick results have been achieved under rural reforms, with a scene of prosperity prevailing in the countryside. Now the rural situation has turned for the better universally, the people are very happy."

He continued: "The success of rural reforms has encouraged us and enhanced our confidence in the total reform of the entire national economy. The success has also provided the conditions and set new requirements for the all-round reform. Today, this reform has become the demand of people throughout the country. We have resolutely made the decision on reforming the economic structure at the 3d Plenum of the 12th party Central Committee. This is a daring act of ours, and we will take careful steps and try to go forward in a safe and secure manner."

Willoch said the success of China's reforms would help the country in its efforts to cooperate with other countries. He hoped that Norway could play a greater part in helping China implement its economic development plan.

Deng gladly responded that China could learn much from Norway. He also hoped for increased Sino-Norwegian co-operation.

Chinese Minister of Petroleum Industry Tang Ke and Vice-Foreign Minister Zhou Nan were present.

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PARTY DELEGATION MAKES VISIT TO ROMANIA

Departs on 17 Nov

OW170146 Beijing XINHUA in English 0137 GMT 17 Nov 84

[Text] Beijing, November 17 (XINHUA) -- A delegation of the Communist Party of China (CPC) led by Wan Li, member of the Political Bureau of the CPC Central Committee, left here for Bucharest this morning to attend the 13th Congress of the Romanian Communist Party and pay a visit to that country.

Wan, who is also member of the Central Committee's Secretariat and vice-premier of the State Council, said upon his departure: "We will bring the warm greetings and cordial regards of our party and people to the fraternal Communist Party and people of Romania." He said the 13th Congress of the CPR would be an event of major significance in the political life of Romania. It would also provide a good opportunity for the Chinese Communists to learn from the Romanian Party and people, he added. "I am convinced that the close relations of friendship between our two parties, two countries and two peoples will continue to grow," Wan said.

Among those seeing the delegation off at the airport were Xi Zhongxun, member of the Political Bureau and the secretariat of the CPC Central Committee; Yao Yilin, alternate member of the Political Bureau and vice-premier; Wang Zhaoguo, member of the CPC Central Committee and director of its general office; and Chen Xitong, member of the CPC Central Committee and Mayor of Beijing. Romanian Ambassador to China Angelo Miculescu was also present.

Members of the delegation include Li Ximing, member of the CPC Central Committee and secretary of the Beijing Municipal Party Committee; Li Shuzheng, alternate member of the CPC Central Committee and deputy head of its International Liaison Department; and Chinese Ambassador to Romania Li Zewang, who is already in Bucharest.

Arrives in Bucharest

OW180244 Beijing XINHUA in English 0231 GMT 18 Nov 84

[Text] Bucharest, November 17 (XINHUA) -- A delegation of the Communist Party of China led by Wan Li, member of the Political Bureau of the CPC Central Committee, arrived here this afternoon to attend the 13th Congress of the Romanian Communist Party scheduled to open on November 19. It was met at the airport by Manea Manescu, member of the executive political committee of the RCP Central Committee and vice-president of the State Council of Romania, and Gheorghe Petrescu, member of the RPC Central Committee and deputy prime minister of Romania.

Wan Li, who is also a member of the CPC Central Committee's Secretariat and vice-premier of the State Council, was accompanied to Hotel Bucuresti at the heart of the city by Manescu who said: "We are very glad that the CPC Central Committee has sent you to lead the delegation to attend our party congress."

Members of the delegation Li Ximing, member of the CPC Central Committee and secretary of the Beijing Municipal Party Committee, and Li Shuzheng, alternate member of the CPC Central Committee and deputy head of its International Liaison Department, arrived by the same plane.

Li Zewang, Chinese ambassador to Romania and also a member of the delegation, met the delegation at the airport.

After attending the congress Wan Li and his company will pay a visit to Romania.

Preparations for Congress Made

OW180747 Beijing XINHUA in English 0633 GMT 18 Nov 84

[Text] Bucharest, November 18 (XINHUA) -- Preparations for the 13th National Congress of the Romanian Communist Party have been completed. The congress opens tomorrow. Some 3,000 representatives elected by various local party organizations have arrived at the capital. More than 60 of the 140 foreign party delegations invited to attend the congress, including a Chinese Communist Party delegation led by Politburo member Wan Li, have arrived here.

Local organizations have also nominated 600 candidates for the new Central Committee and the new Central Auditing Commission of the 13th National Congress. A proposal made by the Central Committee last June on re-electing Nicolae Ceausescu the party's general secretary has won unanimous support and approval. A plenary session of the Central Committee yesterday passed a draft report, to be submitted to the coming congress, on party work since the 12th Congress in 1979 and on future tasks.

Meanwhile, consensus has been reached in the party on the country's economic and social development for 1986-90 and on a long-term program up to the year 2000 after thorough discussions in the past three months.

CPC Message to Congress

OW190115 Beijing XINHUA Domestic Service in Chinese 1609 GMT 18 Nov 84

[Text] Beijing, 19 Nov (XINHUA) -- The CPC Central Committee sent a message of warm greetings to the 13th Congress of the Romanian Communist Party [RCP] today. The text of the message follows:

Bucharest,
The 13th Congress of the RCP
Dear Comrades:

The CPC Central Committee warmly congratulates the 13th Congress of the Romanian Communist party on its opening. As your faithful friends and close comrades, we, the Chinese Communists, extend cordial greetings and sincere regards to you at this critical hour when your party is summing up its brilliant achievements since its 12th congress and formulating a blueprint for its future development.

In more than 60 years of struggle, the RCP has eloquently proved itself to be the glorious inheritor of the revolutionary traditions of Romanian social and national liberation, the faithful defender of the nation's independent sovereignty and the people's interests, and the firm leading force of the entire Romanian society. Under RCP leadership, the Romanian people have successfully established the socialist system in the vast expanse of your beautiful motherland and opened a new historic era through protracted, hard, and heroic struggles.

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Since the beginning of socialist construction, especially since your ninth congress, the RCP, headed by Comrade Nicolae Ceausescu, has independently determined the line, principles, and policies for the nation's socialist revolution and construction by creatively integrating the universal principles of Marxism with concrete domestic conditions. By giving full play to the wisdom and ability of the Romanian working people, who are the masters of their own destiny, the RCP has initiated a profound revolutionary transformation in the national economy and the entire society and has thus brought the nation to a new stage of development.

The RCP has resolutely upheld the principles of respect for the independent sovereignty of other countries, equality and mutual benefit, and non-interference in other countries' internal affairs, and has waged an undaunted struggle for relaxation of international tensions and the maintenance of European security and world peace. In handling relations with other communist parties, the RCP has always maintained that all parties are equal and that each party should be respected in terms of its rights to independently formulate political lines, tactics, and strategies for revolutionary struggle. By its own deeds the RCP has strictly observed these principles, thereby making a valuable contribution to the healthy development of the contemporary international communist movement.

The convening of the RCP's 13th congress is a historic event of great significance in the political life of Romania. We are convinced that the 1986-1990 Five-Year Plan for Economic and Social Development and the guidelines for development before the year 2000, to be formulated by the congress, are bound to bring about a new outlook and open up more excellent prospects for the prosperity of socialist Romania.

The CPC and the Chinese people heartily rejoice at the great achievements scored by the fraternal RCP and Romanian people and firmly believe that you will certainly attain still greater and new achievements in the noble cause of building a socialist society that is developed in an all-round way.

We wish the RCP's 13th Congress a complete success!

We wish the revolutionary friendship between our two parties, two countries and two peoples perpetuity!

The CPC Central Committee
19 November 1984

Wan Li Attends Congress

OW191311 Beijing XINHUA in English 1252 GMT 19 Nov 84

[Text] Bucharest, November 19 (XINHUA) -- The 13th National Congress of the Romanian Communist Party (RCP) opened here today with the task of reviewing achievements in the past few years and working out the guiding principles for the country's future economic development.

In his report to the congress, RCP General Secretary Nicolae Ceausescu praised the efforts and the splendid achievements made by the party and the people in improving the country's economic conditions in face of difficulties caused by the world economic crisis during the current 1981-85 national plan. He told the congress that the next five year plan will feature intensive development of economy, the realization of modernized production structure, the extensive application of advanced scientific and technological results, the improvement of product quality, the rapid increase of productivity and effectiveness and in particular, the expansion of domestic framework of raw materials and energy production so as to ensure the optimum agro-industrial proportion for the uniform development of various economic sectors in the country.

On international issues, Ceausescu reiterated Romania's principled stand on world peace, disarmament and Euromissiles, indicating that Romania will continue pursuing an independent foreign policy.

Attending the congress are more than 3,000 representatives from local party organizations. 138 foreign delegations are also present; among them is a delegation of the Communist Party of China (CPC) headed by Wan Li, secretary of the Secretariat of the CPC Central Committee and vice premier.

ULANHU, HUANG HUA WATCH POLISH DANCE TROUPE

OW191718 Beijing XINHUA in English 1628 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- China's Vice-President Ulanhu joined the Chinese audience at the first performance of the Mazowsze song and dance troupe from Poland here tonight. Ulanhu met Mira Ziminska-Sygietynska, head of the Polish troupe, before the performance.

Present on the occasion were Huang Hua, vice-chairman of the National People's Congress Standing Committee, Xiao Hua, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and Wang Bingnan, president of the Chinese People's Association for Friendship With Foreign Countries. Also present were Wladyslaw Wojtasik, Polish ambassador to China, and Mrs Wojtasik.

A first-class song and dance Troupe in Poland, the Mazowsze drew repeated applause from the Chinese audience with its folk songs and dances. Ulanhu had pictures taken with the Polish artists after their performance.

SHANGHAI OFFICIAL MEETS POLISH EDUCATION GROUP

OW200127 Shanghai JIEFANG RIBAO in Chinese 15 Nov 84 p 3

[Text] Yang Kai, adviser to the Shanghai Municipal People's Government met with, and feted, a Polish higher education delegation on 12 November evening. The delegation was headed by Stanislaw Nowacki, vice minister of science, higher education and technology. (Kowal), Polish consul general in Shanghai, was present at the meeting.

STATE COUNCIL ON REFORMING PROJECT DESIGN WORK

OW191457 Beijing XINHUA Domestic Service in Chinese 0207 GMT 18 Nov 84

[Text] Beijing, 18 Nov (XINHUA) -- The State Council on 16 November approved and transmitted a document proposed by the State Planning Commission entitled "Some Opinions on Reforming Design Work for Construction Projects" and called on all localities and departments to implement it.

In transmitting the documents, the State Council pointed out: Project design is the primary link in the construction of a project. It is the soul of the entire project. An advanced and reasonable design plays the key role in a renovation, expansion, or new construction project with regard to shortening the construction period, saving investment, and increasing economic results. In order to meet the requirements of the four modernizations drive, further arouse the initiative of design personnel, and improve the efficiency and level of designs, it is necessary to reform design work.

The State Council called on all localities and departments to strengthen leadership over design work for construction projects with practical efforts by recognizing design reform as a vital link in the reform of the management system in the building industry and in capital construction. It called on them to take effective measures, step up the reform, solve reform problems in a timely manner, and strive to handle design work with flexibility and success.

The State Planning Commission noted in the document that designing plays a dominant role in construction. In China, there are currently 360,000 people doing project surveying and design work who are equipped with intensive technologies comprising basically all categories. They have made great contributions in China's socialist construction. However, because of past interference and disruption by "leftist" ideas together with the fact that there are some drawbacks in the management system, there are still many problems in design work. This requires practical efforts to step up the reform.

-- State, collective, and individual designers should be permitted to coexist and compete with each other. State-run design units are the backbone force in China's project designing field. They can have more vitality and perform better by carrying out reforms. Collective design units and individual designers are an auxiliary force in project designing work in China. It is necessary to support and guide them, strengthen control over them, and institute various systems for them concerning the examination of qualifications, taxation, quality supervision, and so on. Some of them may be encouraged to cooperate with state-run design units to share some of the design work.

From now on, active efforts should be made to create conditions under which public bidding for a project design may be conducted by the department in charge, the construction unit, or a contracting company entrusted with handling the bidding. All state and collective design units and individual designers who have passed a qualifying examination are eligible to submit a tender. The department handling the bidding must refrain from showing favors or disfavor.

-- A design unit should gradually operate as an enterprise, a specialized unit that gears itself to the needs of society. State-run design units may be run as an enterprise in stages and in groups in accordance with their respective conditions. Those which cannot be turned into an enterprise for the time being may adopt the method by which an institute operates itself as an enterprise.

A state-run design unit should practice the president (manager) responsibility system. It may advertise for technicians and administrative personnel. Various economic responsibility systems should be enforced within the designing unit.

Design units must do away with the practice of "becoming big and comprehensive" or "being small but comprehensive." They should gradually turn themselves into specialized units, cooperate with others in society, and concentrate main efforts on developing their own specialties in order to be known for "famous brand" designs or some technical "know-how." They should have some specialties and service-type items that can be offered to society. They may look for design work for which independent accounting can be arranged. When conditions are ripe, they may even grow into an independent, specialized design unit or service corporation. Design units may establish specialized joint ventures or cooperate so each supplies what the other needs. They may cooperate or enter into joint ventures with scientific research institutes, higher education institutions, producer enterprises, and other units. They may establish various joint operations with foreign design units. At the same time, design units should gradually break away from their administrative departments to draw distinctions between themselves as enterprises and their administrative departments, and adapt to the needs of society.

Further efforts should be made to give scope to the role of existing design technology forces to organize engineering consultant corporations and construction contractor companies. Both are economic entities with independent accounting which are solely responsible for their own profits or losses. Both have the status of a legal person. The status should be examined and certified by the departments concerned.

-- It is necessary to promote the technological progress of designs, develop technical democracy, make design creations prosper, and actively push for cooperation with design units abroad. From now on, all projects to renovate, rebuild, or expand old factories or build new ones should be designed by adopting -- in connection with the situation in our country -- the technologies which were already popularly adopted in the economically developed countries during the 1970's or early 1980's. This must be done with regard to crafts and energy-conservation technologies. When an advanced technology is adopted which can produce designs that will save investment, shorten the construction period or bring about a marked increase in economic results after the concerned project has been put into operation, the designer may charge an extra fee or share the amount of that part of the investment which is saved as a result of adopting the advanced technology. This should be clearly stipulated when the contract is signed. Considerably large prizes should be given those who have made major contributions in realizing such progress. A project that has won the title of outstanding design may have the names of the design units or the principal design personnel engraved in its main building.

-- From now on, a foreign enterprise that undertakes the design work for a project in China must have a Chinese design unit as a partner. A foreign consultant organization contracted to offer consultation services concerning a project in China should in general enter into cooperation with a Chinese consultant organization. Design units should strive to master and digest advanced technologies from abroad and make some creations of their own. They should also create conditions for them to take part in world design competitions.

RENMIN RIBAO ON NEGATING CULTURAL REVOLUTION

HK170615 Beijing RENMIN RIBAO in Chinese 13 Nov 84 p 5

[Article by Ji Long, deputy secretary of the leading party group of the Ministry of Light Industry: "We Must Not Slacken Education in Thoroughly Negating the 'Cultural Revolution'"]

[Text] It is required to thoroughly negate the "Cultural Revolution," to eliminate its residual influence, and to cure its consequences in party rectification. This is completely suited to the actual situation in the Ministry of Light Industry. At the same time, it represents an arduous task.

Among other sequent maladies of the "Cultural Revolution," factionalism is a prominent problem. Since the downfall of the "gang of four" -- especially since the 3d Plenary Session of the 11th CPC Central Committee -- the party leadership has adopted a series of important measures to set things right and to heal the wounds of the "Cultural Revolution." Party organizations at various levels in the Ministry of Light Industry have also done a great deal of work in this regard. Most comrades abhor the "leftist" practices that prevailed during the "Cultural Revolution" and the adverse influence of other political movements, factionalism obstinately remains in our ministry and continues to influence some people. Factionalism does not betray itself clearly in normal times, but will become prominent when things come to a crucial juncture. For example, some comrades do not have a sense of principle and tend to confuse right with wrong. They place the interests of their own factions rather than the interests of the party in the supreme position. Some "rebels" have not mended their ways but continue to make trouble in a willful way. They try hard to claim official titles and prerogatives, and use their powers to pursue selfish gains. These people are often backed by someone else, and their buddies in the same factions will intercede for them and assist them. Cronyism in the matter of cadre appointments is a prominent demonstration of factionalism. The same cadre may be boosted by some people as a "brilliant star" or be reduced to "mere dregs of society" by others. If someone is a factional fellow, they will pull him through by glossing over his mistakes and will even help him attain a promotion; but if someone is formerly a member of the rival faction, they will try hard to exaggerate his problems, find fault with him, and block his promotion.

It particularly should be pointed out that factionalism is still disturbing our present party rectification, especially the work of rooting out and expelling "people of the three categories." For example, some comrades refuse to acknowledge their mistakes during the "Cultural Revolution;" some comrades only agree to check up on people in the rival faction and do not agree to do the same in their own faction; some comrades who were former adherents to the same faction continue to gang up in order to shield each other, so they refuse to tell the truth to the party organizations or simply misrepresent facts; still other comrades often regard the self-criticisms made by their fellow faction members "overdone," but they never express satisfaction with the self-criticisms made by people of the rival faction. All the above-mentioned problems have adversely affected our work in party rectification. This has made us clearly realize that we must thoroughly repudiate the "Cultural Revolution" and most resolutely eradicate factionalism; otherwise, we will not be able to unite more people to realize modernization, nor will we be able to root out and expel "people of the three categories" and remove these hidden perils; to consolidate the established stable and united situation; and to correctly settle problems left over from the past in our ministry.

Therefore, since the beginning of party rectification, the leading party group of the ministry has categorically decided that eliminating factionalism and strengthening party spirit be taken as an important issue that must be solved in party rectification, and has conducted three rounds of intensive education in this regard in order to make a success of handling this key link in the efforts to correct things.

It is necessary to admit that during the "Cultural Revolution" the two rival factions were following a wrong line. This is a key to the thorough elimination of factionalism. It does not seem difficult to settle this issue in theory, and the conclusion drawn from practice is also clear. However, some comrades are still trying to defend their own factions by seeking various excuses and are not willing to negate themselves.

Some comrades argue that the faction they joined during the "Cultural Revolution" was the "representative of the correct line" and was "consistently following a correct line." In fact, such arguments are misleading in many matters. During the "Cultural Revolution," the two rival factions both had a part in disgracing and persecuting leading cadres of the Ministry of Light Industry in spite of differences in their concrete processes, so they both committed mistakes. It is not a matter of which side acted better and represented the right view. Without viewing things in this way, we will not consciously realize our own mistakes and will not really overcome factionalism.

Some comrades only attribute their problems to objective factors. Under the special historical conditions in the "Cultural Revolution," since the party was following a wrong line, it is unrealistic to believe that none of our comrades committed any mistakes. For all that, each of our comrades should draw a lesson from what he experienced. For example, why was he willing to accept those "leftist" things? In some cases some comrades even developed and created ultraleftist practices to varied degrees in their work, and thus committed more serious mistakes. It is all the more necessary for them to treat their own problems seriously and to make profound self-criticisms as they should do.

In other cases, some comrades committed mistakes in the early stages of the "Cultural Revolution" and they themselves were also disgraced afterward. Now they are still full of grievances and refuse to admit their mistakes in the early stage of the political movement. Some people have expressed sympathy with them. All this is not the correct attitude. For many comrades, they were not only disgraced and persecuted during the "Cultural Revolution," but also made unjustifiable attacks on other people and added fuel to the trouble. In order to draw a lesson from our past experience, each of our comrades should first correctly examine himself, set strict demands on himself, and first correct his own mistakes. No one should use other people's mistakes as an excuse to deny his own mistakes, and no one should continue to argue that he or his faction had done nothing wrong.

The thorough repudiation of the "Cultural Revolution" should be a mass self-education drive, which must be conducted according to the basic principles specified by the central decision on party rectification, in order for most comrades to gain a correct understanding of the relevant matters. At present, although we have organized people to study the "resolution" adopted by the 6th Plenary Session of the 11th CPC Central Committee many times, some problems in the minds of our comrades have not been really solved. It is still necessary to deepen the study and link it with realities in order to achieve real ideological unity on the basis of the "resolution." All of our comrades must conscientiously straighten out their confused and erroneous ideas, correctly sum up experience, and eliminate the influence of the "Cultural Revolution." The previous "leftist" practices in the conduct of political movements must be discarded. No one is allowed to attack others in this process.

But normal criticisms should not be regarded as "attacks," and no one should reject the well-meaning criticisms made by the organization or his comrades. In-depth and meticulous persuasive talks should be given to comrades who committed more serious mistakes during the "Cultural Revolution" in order to help them eliminate misgivings and make thorough confessions on their own. In order to sum up historical experience, we must review the past; but when dealing with some specific cases we should not indulge in nitpicking and bringing up old scores. In addition, leading comrades, including veteran comrades who have retired, should play an exemplary role and set good examples for younger comrades. They must not transfer their powers according to a factionalist principle.

In the stage of rectification and correction, many things must be done. In any case, we must not slacken education in thoroughly negating the "Cultural Revolution."

RENMIN RIBAO ON CPC COMMITTEES, PLANT DIRECTORS

OW190911 Beijing XINHUA in English 0857 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- Communist Party committees in Chinese factories must not interfere in production and management, the PEOPLE'S DAILY says today. The committees can discuss major principles and policies affecting business operations but must not make decisions, the paper says in a front page commentary aimed at clarifying what it calls "some confused and wrong ideas" on relations between party committees and factory directors.

The power and authority to make decisions must lie with the directors because modern enterprises need unified, efficient leadership in order to flourish, it says.

The commentary calls on workers and party officials to be aware of the drawbacks of mixing the functions of party and government organizations. Party committees in enterprises, it says, should: actively support directors in exercising their authority over production and operations; guarantee and supervise the implementation of party and state principles; strengthen the party's ideological and organizational work in factories and its leadership over the trade unions and Communist Youth League organizations; and improve the system of congresses of representatives of factory workers to aid democratic management.

Premier Zhao Ziyang called for full responsibility for enterprise directors in his report to the second session of the Sixth National People's Congress in May. In state-owned enterprises, he said, the system should be gradually instituted. The call was reaffirmed by the party Central Committee in a recent decision on urban economic reforms.

AVOIDING ERRORS NECESSARY IN ECONOMIC REFORM

HK190659 Beijing RENMIN RIBAO in Chinese 9 Nov 84 p 5

[Article by Gong Yuzhi: "The Integration of the Theory of the Unavoidable With the Theory of the Avoidable"]

[Text] In its discussion of reform, the "Decision of the CPC Central Committee on Reform of the Economic Structure" points out: "Errors can hardly be avoided, but we should make every effort to prevent them whenever possible." Both what can be avoided and what cannot be avoided are mentioned. Thus, it integrates the theory of the unavoidable with the theory of the avoidable.

The reform is a complicated exploratory and innovatory cause of the masses. It is true that in its course, errors can hardly be avoided. One can only hinder reform by asking for the complete absence of errors. We should not refrain from carrying out reforms just because we are afraid we might make mistakes. At the same time, as leaders, we should try our best to correctly guide the reforms and to avoid those errors which are avoidable. In the event that we do produce errors, we should try our best to discover and correct them in time, to summarize experience, and to continue to make progress. It is wrong to suffocate the innovative spirit of the reform by blindly overemphasizing errors. It is also wrong to blindly overemphasize the inevitability of errors in order to shirk the duty of directing reform. The integration of the theory of the unavoidable with the theory of the avoidable is in fact an all-embracing Marxist viewpoint concerning the question of the errors produced by mankind in practice and understanding and, in particular, the question of errors produced by mankind in revolutions.

The process of practice, knowledge, again practice, and again knowledge is an endless process. On the other hand, one may say that by repeatedly discovering and correcting errors, we make our knowledge gradually approach truth and we can gradually achieve success in practice. Our knowledge of truth cannot be completed by making only one attempt. We must complete our knowledge of truth gradually. Complications and errors are inevitable. It is impossible to grasp truth completely by making one attempt and without making even a single mistake. Comrade Mao Zedong said: "In many instance, failures have to be repeated many times before errors in knowledge can be corrected and correspondence with the laws of the objective process achieved, and, consequently, before the subjective can be transformed into the objective, that is, before the anticipated results can be achieved in practice." ("On Practice") That was true in the past, it is still true now, and it will remain true forever. This is a principle in Marx' theory of knowledge. If a revolutionary does not understand this principle, if he is not spiritually prepared for the inevitable errors in the course of revolution, and if he has the illusion that there will not even be a single error, then, in the face of actual error, he will be unable to handle and analyze them objectively, and from a historical point of view and he will be perplexed and disappointed. Moreover, confronted with a new cause that calls for exploration, he will be unable to advance bravely, he will have fears and misgivings, he will hesitate, and he will not be able to achieve anything.

However, by saying that errors are inevitable in the combined process of practice and knowledge, we do not mean that all the errors that have actually been produced are inevitable. Still less do we mean that people can do nothing to prevent errors in the activities they are going to take part in. Truth becomes a fallacy if it oversteps the bounds. Similarly, the theory of the inevitable becomes an excuse if it oversteps the bounds. With such an excuse, people can gloss over those errors which can be avoided but which, however, have been produced. In addition, with such an excuse, people can also in practice encourage those who are careless about errors and who are not worried by errors.

Thus, in addition to the theory of the inevitable, it is also necessary to mention the theory of the evitable. Strategically, it is necessary to take into consideration the fact that errors are inevitable. However, tactically, it is necessary to emphatically study the scientific methods of how to try our best to prevent errors, of how to derive what is correct from what is incorrect, and of how to turn failure into success.

Scientific experimentation is an extremely important scientific method. In the struggle to transform nature, by conducting various kinds of experiments, people have repeatedly examined various techniques, methods, plans, and measures for production and construction in order to find out whether or not they are correct and perfect.

In addition, they have also compared them in order to find out their advantages and disadvantages. In this way, they can consciously recognize first in small-scale experiments those mistakes that will inevitable recur. If a small-scale experiment fails, we should conduct another experiment and go on experimenting until we achieve success. In this way, we can correct our incorrect understanding and acquire a correct understanding. With a correct understanding, we can then proceed to guide large-scale production. In this way, we can optimally help people avoid failures and detours and achieve success rather smoothly. In this way, people can achieve victories in production at the relatively small cost of failures in scientific experiments. The greater successes in the practice of production are a consequence of the successes and failures in scientific experiments.

Compared with the struggle to transform nature, the struggle to transform society is far more complicated. In the latter field, the conditions for conducting experiments, the limitations of the experiments, and the possibility of conducting experiments are a totally different story. However, under certain circumstances, small-scale experiments are both possible and necessary. Comrade Mao Zedong advocated the idea of "freely mobilizing the masses and testing everything by experimentation" and regarded it as a scientific method for guiding social reforms. This idea is correct. People made mistakes later because they did not stick to this method or did not adhere to a scientific attitude. Thus, in the course of reform, it is necessary to stress scientific pilot projects and experiments. The "Decision" says: "Do experiments when we are not sure of success." "All localities, departments, and units should be encouraged to conduct exploratory and pilot reforms." The experiments and pilot reforms referred to are scientific social experiments conducted in rather small or very small areas (or at points). Our purpose is to confine the possible errors within narrow limits and to expose various contradictions and problems through small-scale pilot reforms. After we have obtained a clear idea of the situation and various laws, we can proceed to popularize the successful experience thus gained within larger areas or even within the country. In this way, errors can be avoided in the full-scale reform and success can be more smoothly achieved. Of course, under certain circumstances, individually conducted small-scale experiments are out of the question. In that case, we should lay special emphasis on prior investigation, on discussion and estimation prior to the execution of the reform plans, on attention to the information feedback when the reforms are underway, on readjustment of our understanding and practice based on this information feedback, and on scientific discussion of different theoretical viewpoints and stands on the question of the reforms. All this is required by the spirit of scientific experimentation. The purpose is to reduce or avoid errors. In recent years, we have enthusiastically and carefully carried out reforms by means of experiments and pilot reforms. In the future, in implementing the "Decision," it is also necessary to do the same thing.

Science and scientific methods are a result of people's understanding of objective laws in practice. By respecting science, by working hard to acquire scientific knowledge, and by persistently applying scientific methods in the practice of transforming the objective world, we can avoid the mistakes resulting from the violation of scientific knowledge and scientific methods.

AN ZHIWEN ON PROBLEMS IN URBAN ECONOMIC REFORM

HK200633 Shanghai SHIJIE JINGJI DAobao in Chinese 22 Oct 84 p 7

[Report: "An Zhiwen, Director of the State Commission for Restructuring the Economic System, Talks About Several Urgent Problems in Urban Economic Reform"]

[Text] Recently, An Zhiwen, director of the State Commission for Restructuring the Economic System, made a speech on several urgent problems in the work of reforming the urban economic system.

An Zhiwen pointed out: The 3d Plenary Session of the 12th CPC Central Committee made an important decision on the problem of restructuring the economic system, and clearly defined the nature, objective, mode, and blueprint, as well as the orientation and principles in the reform of our economic system. Its publication will exert important influence both inside and outside China. After the third plenary session, there will emerge a new situation in which a systematic and overall reform will take place in a planned and orderly way. We should adopt active and practical measures to meet the new situation in the reform. He said: At present, an urgent problem we face is to seriously study, on the basis of studying the decision intensively and in association with reality, the problem of in what way a specific department should initiate, develop, and intensify reform. He continued to talk about problems in four aspects.

How To Enliven the Large Enterprises

An Zhiwen pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, we have done a lot of work in expanding the decisionmaking power of the enterprises, and certain achievements have been made. The present situation is: State-run small enterprises, collective enterprises, and construction enterprises are rather active in their operation, and it may be said the majority of the enterprises have initially enlivened their operation. However, most large state-run enterprises have not been enlivened, and have not been emancipated from the previous old pattern of management. Recently, during investigations in various localities, comrades of the State Commission for Restructuring the Economic System discovered that the policy of "managing well the large aspects and relaxing flexibly on the small aspects" was incorrectly interpreted in some localities, and the reality was that "large enterprises were tightly controlled and small enterprises were let loose." Some large enterprises' view was that the "10 regulations on expanding decision-making power" had not been truly implemented, and they felt they had not been given a free hand, but were tightly controlled. Therefore, Premier Zhao Ziyang recently gave special instructions that the problem of running the large enterprise well should be further studied. The central link in establishing a socialist economic structure with Chinese characteristics that is full of vigor and vitality is to enliven the enterprises, and, in particular, to give full play to the role of the large enterprises, which occupy an important position in the national economy. It is necessary to enable large enterprises to have the ability to develop and transform themselves, in order to shift their production as soon as possible onto the basis of advanced technology. Only in this way is it possible for the competitive power of the enterprises in markets both at home and abroad to be enhanced, and for the enterprise to keep pace with the development of new technology. It is impossible for us to realize the four modernizations if the newly built enterprises adopt new technology but the old enterprises still rely on old technology.

An Zhiwen pointed out emphatically: Enlivening large enterprises in order to bring into full play their vitality should be an urgent problem that all departments should seriously study. Of course, enlivening the large enterprises involves all aspects of the entire macroscopic system. Reforms should be conducted in respect to various aspects such as planning, pricing, materials, and the role of the state in administering the economy. At the same time, it should be noted that the source of vitality of enterprises is the initiative and creativity of the broad staff and workers. Therefore, how to do a good job in effecting proper distribution within the enterprises, and in implementing the division of labor between party organization and management and the assumption of sole responsibility by factory directors, so that the leaders and every staff member and worker can display their sense of responsibility as masters of the enterprises is also a job of extreme importance.

In short, to enliven enterprises step by step is the starting point and standpoint in restructuring the economic system, and the consideration and implementation of all reform measures should be centered on it.

How To Reform the Structure of the Enterprises

He said: Several years ago, there was a "fever of corporations," and the practice of "unification of the six aspects of supply, production, marketing, manpower, finance, and material" was quite prevalent, resulting in the setting up of many corporations of an administrative nature. Consequently, the defect of "barriers existing between different departments or regions" was not overcome, and enterprises were not truly granted decisionmaking power. It should be made clear that this is not a correct orientation for reform. The important thing is to develop the horizontal association among the enterprises and to enable them to select their own targets for association on the principle of voluntariness and rationality in terms of economics. In this way, new forms of economic association can be created, which may be loose or close in organization and operation, depending on whatever is advantageous to production. On this basis, a unified socialist market can gradually be established, and the "barriers existing between different departments or regions" can be broken through.

Reform the Pattern of State Management of the Economy in Accordance With the Spirit of the Decision

He pointed out: In the past, we regarded enterprises as -- in effect -- appendages of administrative organs, and adopted the method of direct management, that is, distributing funds and materials, carrying out examination and approval, assigning targets, complicating procedures, being slow in handling things, and practicing endless wrangling. Now, in keeping with the spirit of the decision of the third plenary session, enterprises should be relatively independent commodity producers and operators with the power of independent operation and with responsibility for their own profits and losses, and the management method should be changed accordingly. It is necessary to learn to use more indirect methods, that is, aside from the necessary administrative and legal means, it is necessary to adopt more economic means and to learn to make comprehensive use of economic levers to direct the economic activities of enterprises. Of course, this involves the problem of learning afresh. He said: The change in the management method is very important. In the past 30 years, there have been many structural changes, alternating the tightening of control with relaxation of supervision, but all to little avail, and the key problem lies in the failure of the state to change its method of managing the economy. Emphasis is now laid on reforming the method of management in accordance with the principle of separating the functions of government and enterprise, as decided by the third plenary session, and it is certain that great achievements will be made in this regard. In addition, it is also beneficial to the future reform of administrative organs.

Promote a New Generation of Cadres

In his speech, An Zhiwen relayed a recent important instruction from Premier Zhao Ziyang. It requires the State Commission for Restructuring the Economic System to pay attention to promoting young cadres, to making more contacts with them, and to discovering talented people, especially those young people with talents, in the following two aspects: The first is that those young people who put forward theoretical ideas which were proved to be correct in practice over the past few years should be recruited to work, and their proposals should be listened to with attention; the second is that those young people who introduced innovations and made outstanding achievements in their practice in keeping with the orientation of reform should be promoted, and attention should be paid to learning from them.

An Zhiwen said that he was deeply impressed by the words of Premier Zhao. He said: We have been engaged in economic management work over the past decades, but we never discarded the conventions of the old system. Now, we are carrying out the "planned commodity economy" and it is incumbent upon us "to consciously act according to and to utilize the law of value," which is really a new topic for us old comrades, and it is necessary for us to learn afresh because we lack sufficient knowledge on many problems. In this regard, young comrades have a great superiority, as they have a broad scope of knowledge and have emancipated minds, without the trammels of old conventions. It is essential for old comrades to pay more attention to their opinions, to learn from them modestly so as to enrich their knowledge, and to let young comrades take up responsibilities without the imposition of any restraint. Only in this way can the reform develop in a more healthy manner.

GUANGMING RIBAO ON WASTE, CONSUMPTION, AUSTERITY

HK161243 Beijing GUANGMING RIBAO in Chinese 5 Nov 84 p 2

[Article by Wang Binjun: "A Talk on Waste, Consumption and Austerity"]

[Text] Waste is by no means consumption and is a far cry from proper and rational consumption. In its broad sense, consumption means consumption of material wealth to satisfy the needs of production and life. It represents one of the four links in the process of social production and is dialectically related to production in a unity of opposites. Production is dialectically related to production in a unity of opposites. Production determines consumption. Consumption in turn affects production. The term consumption in itself is neither to be praised nor cursed. There can be proper and rational consumption or excessive and irrational consumption. Only rational consumption can have a positive effect on social production. Irrational consumption can only have a negative and obstructive effect.

Waste means improper or uncontrolled use of material wealth. It means that materials of use value have not been put to the fullest use. It represents "leakage" in the cycle of production, distribution, exchange, and consumption. It directly disrupts unity between consumption and production and has a disruptive effect on production. Therefore, waste and consumption are two concepts that cannot be interchangeable.

Austerity is the opposite of waste and of excessive and irrational consumption. Austerity does not mean doing away with consumption. Nor does it mean the less consumption the better. Austerity is to be interpreted in the sense of proper and rational consumption.

Austerity is also an historical concept. Given different economic conditions, it has different specific connotations. The rationality of austerity is also concrete and historical and is continuously developing and changing. As long as it is compatible with the economic conditions, it has different specific connotations. The rationality of austerity is also concrete and historical and is continuously developing and changing. As long as it is compatible with the economic base and does not clash with the objective needs of production development, it has its own rationality. For example, austerity in today's sense is a far cry from what it was 30 years ago in criteria and content. Wristwatches that were formerly luxuries have become very common consumer goods today. Given existing economic conditions, there is of course also no need for "darning and mending a dress in 130 places." Therefore, when we view austerity from the viewpoint of historical materialism, we can see the light of truth and the light of virtue and see its indelible historical and realistic significance and will not freely sneer at it.

Austerity has the meaning of controlled consumption. But there need be no aversion to "control." Needless to say, excessive consumption must be controlled. So we just talk in terms of rational consumption. It is also an elastic concept given certain limits. Within such limits, some people are willing to consume more and some people want to exercise more restraint. The pattern of consumption also varies with people. This is all normal. It can be guided according to circumstances. But there can be no intervention whatsoever. Besides, there is basically no uncontrolled consumption in the world. The level of consumption must be restrained by the level of economic development. For individuals, there are also the direct restraints of economic income. In addition, there is the influence of morality, habits and customs, the way of life and many other factors. For individual consumption, austerity especially takes on a moral flavor.

Recently, some comrades have pertinently criticized waste in terms of ideological and moral concepts and advocate the practice of economy. Still other comrades are quick to discover contradictions between consumption and production under new economic conditions and suggest encouraging consumption and properly raising the level of consumption. There is no contradiction between the two. Instead, the two complement each other. Now economic conditions in the country have changed. There can be a new pattern of consumption. There can also be a new pattern of austerity. But there should never be new waste. If waste is allowed, even an existing gold mine will eventually get depleted. The United States and Japan can well be called countries with high consumption. But the shocking waste in the United States has been criticized and denounced by many straightforward scientific workers. On the other hand, certain "petty" austerity measures in Japan have been praised and imitated. Our country at present still does not have high-consumption economic conditions. Therefore, consumption still cannot avoid being controlled. Savings on electricity, water, grain, and so forth remain the objective demands of social production. Therefore, there is no contradiction between austerity and the development of production. By fostering a scientific idea of consumption and seeking rational consumption and also paying attention to austerity, we can stimulate the development of social production.

REFORM MANAGEMENT OF BUILDING MATERIALS VIEWED

HK190559 Beijing RENMIN RIBAO in Chinese 12 Nov 84 p 5

["Academic Trends" column by Zhong Huanyu and Shen Zhiqiang: "It is Also Necessary To : Reform the Management System of Capital Construction Materials -- An Account of the First National Symposium on the Theory of Capital Construction Materials"]

[Text] Not long ago, the first national symposium on the theory of capital construction materials, which was jointly sponsored by the China materials and economic society, the State Bureau of Materials and Equipment, and the State Bureau of Materials and Equipment for Capital Construction, was convened in Weihai City, Shandong Province. Some 100 practical and theoretical workers discussed problems concerning the reform of the management system of capital construction materials.

The participants unanimously held that the cost of capital construction materials should account for 60-70 percent of construction costs in capital construction investment and that following the development of production, science, and technology, this proportion will rise. Of the labor force, financial resources, and material resources in capital construction, material resources are the basic factors guaranteeing the smooth carrying out of capital construction.

The speed, scale, and economic results of capital construction depend, to a large extent, on the supply of materials. A series of new problems and requirements concerning the circulation and management of capital construction materials have arisen in the building trade and in the capital construction management system reform, which takes the investment contract [tou zi bao gan 2121 6327 0545 1626] system and the system of tendering for contracts as the main component. The current management system of capital construction materials basically follows the pattern of the 1950's, including excessive administrative means, rigid control, and a complicated administrative structure. As a result, circulation and management are poor and cannot meet the needs of the present situation. This must be reformed.

The participants were of the opinion that the contents of the reform of the management system of capital construction materials could be divided into three parts -- namely planning system reform, supply system reform, and work site system reform. As for planning system reform, the first question discussed was to whom capital construction materials should be distributed. Some participants said that planning and distribution norms for capital construction materials should be set directly for enterprises in charge of construction or for their responsible departments, according to construction tasks. The current distribution plans for capital construction materials change according to the amount of investment. This disintegrates the productive forces of the building trade, which exists independently as a materials and production department. The inconsistency between the labor force, financial resources, and material resources of enterprises in charge of construction makes it difficult to develop and enhance the productive forces of these enterprises. Shortcomings such as "a thousand enterprises make preparations for production in one enterprise" and "Goods cannot be made full use of upon arrival at their destination" have arisen from such inconsistency. Other participants held "China's present building trade is in the form of a production structure which has branch departments, complicated administrative levels, and various types of ownership. This makes it difficult to separate the distribution plans for capital construction materials from investment, and to allocate materials directly to enterprise in charge of construction. Moreover, it is not beneficial to consistently regulating the allocation and use of materials. For the distribution plans for capital construction materials to change according to the amount of investment remains the main problem.

It is also necessary to reform the specific methods for distributing materials. Many participants pointed out: It is necessary to replace the current distribution, based on each 10,000 yuan of investment, with a distribution based on the designs and budgets of construction projects. Because the mix and progress of projects vary, the annual distribution plans for capital construction materials should also vary. The total quantity of materials for one project should be checked and ratified at one time and allocated by the year, and transfer of materials should be allowed. Here, an important prerequisite is that the scale of capital construction should be basically balanced with state material resources.

As for the supply system of capital construction materials, the participants unanimously maintained that it is necessary to further break away from regional, departmental, and trade barriers, and to advance toward an open-type commodity market which has various channels but simple links. The present form of supply of capital construction materials throughout the country can be divided into four kinds: 1) centralization of materials; 2) unified supply on a regional basis; 3) contracting to supply sets of materials; and 4) combined supply. Some participants said that although the four supply forms have their own characteristics, on the whole the form of "contracting to supply sets of materials" is more beneficial to raising economic results in capital construction, as this form enables contractors to have direct supplies of materials.

Some comrades pointed out: The form of contracting to supply sets of materials is a new type of responsibility system for supplying materials. This form is advanced because it can speed up the circulation of materials and, as a result, enterprises in charge of construction can realize the use value of materials as early as possible.

Many comrades pointed out: The crux of enlivening the supply system of capital construction materials are commodities, and that, like other materials, they consist of the unity of value and use value and require the exchange of equal values. In the exchange sphere, consciously observing and applying the law of value will promote the production of capital construction materials. In this way, social needs can be met to a fuller extent. Therefore, it is necessary to reduce mandatory plans for capital construction materials, to increase guidance plans, to bring into full play the regulating role of economic levers, and to organize and open a market for capital construction materials.

NEW TYPE OF COOPERATIVE ECONOMY EXAMINED

HK161019 Beijing RENMIN RIBAO in Chinese 12 Nov 84 p 5

[Article by Zhang Wu, Liu Wenpu, Qin Qiming, and Wei Daonan: "From the 'Combination of Government Administration and Commune Management' to a Cooperative Economy of a New Type"]

[Text] As the contract family responsibility system with remuneration linked with output is implemented in a widespread manner, as specialized households emerge in large numbers, and as diverse forms of economic combines (cooperatives) develop, our rural economy is developing in the direction of specialization, socialization, and commodity production. It urgently needs diverse forms and layers of cooperative economic organizations and technological and service systems to provide more effective service. All this has pushed forward the reform in the relations of the previous three levels of organizations in rural people's communes and the system that "combines government administration with commune management."

Our various areas have carried reforms in this system mainly in the following four aspects:

1. They have changed the relations between collective economic organizations of different levels from administrative subordinate relations to relations of equality, mutual benefit, and exchanges of equal value. Originally, communes, brigades, and production teams were to have been three kinds of economic organizations combined with one another on an equal footing in different spheres. However, under the people's commune system of "three levels of ownership with the production team level as basis," their relations became administratively subordinate relations between lower and upper levels. As basic level organizations of the state power, our communes, in fact, had the power to directly control the production, exchanges, and distribution in our collective economic organizations. Therefore, in carrying out reforms, we should first separate government administration from commune management and establish township government to perform the functions of basic organizations of state power which were previously performed by people's communes. We should also set up villagers' committees to administer public affairs and public welfare undertakings in the areas where the villagers live. By so doing, we can put an end to the administrative subordinate relations between upper and lower levels in the relations between the cooperative economic organizations at brigade and production team levels and those at commune level and change these relations into equal, mutually beneficial, and cooperative relations.

2. They have changed the previous transition relations level by level into relations of developing various kinds of combination and cooperation in accordance with the demands resulting from the development of production.

3. They have broken the fetters of the boundaries between different areas that restrict the movement of funds, labor, and technology of the collective economic organizations and commune members, and have switched into the practice of allowing the free movement of the funds, labor, and technology of our collective economic organizations and commune members, and allowing combination of production factors between different production teams, between different communes and, between different areas in establishing a new type of collective economy.

4. They have broken the situation of mixing the functions of state power organizations in administering the economy and the managerial functions of collective economy. In the past, because of the combination of government administration and commune management, state power took on all the internal affairs of the collective economic organizations. Since the separation between government administration and commune management, in administering economy, the state power of townships has to utilize economic and administrative means. The main functions of the administration are to issue plans on behalf of the state; to supervise economic units and individuals in implementing the policies and decrees of the state, carrying out economic contracts, and fulfilling the tasks of paying taxes to the state and the state purchase quotas; and to protect the legitimate economic rights and interests of all economic units and individuals, ban illegal economic activities and crack down on economic criminals. In short, the state power, including that at township level, should guide and readjust the collective economic sector through plans, policies, supervision, social distribution, and other links and should not directly interfere in the internal management activities in this sector. By so doing, it will enable our collective economic organizations to become enterprises with independent decisionmaking power that can shoulder sole responsibility for their profits and losses.

In administering the economy, a local cooperative economic organization applies economic instead of administrative means. It carries out management activities, satisfactorily does the service work before and after production, and embodies the guidance of the state policies and plans through developing socialized service. Concerning the question of establishing cooperative economic organizations at the township level, there have been mainly three kinds of practices in various areas.

1) In the areas where the economy and specialized division of labor are relatively developed and the forces of commune and brigade enterprises are relatively strong, after the separation between government administration and commune management, cooperative economic organizations of the nature of economic entities have generally been set up at the commune level. 2) In the areas where economic development and the strength of the commune and brigade enterprises are about average and where the specialized division of labor is underdeveloped, generally speaking, at the commune level, we have only established economic organizations that are partially economic entities and that are partially administrative and coordinate in nature. 3) In the areas where the economy is backward and where there are almost no commune or brigade enterprises, we have generally not set up cooperative economic organizations at commune level and have township governments continuing to administer concurrently the affairs in this field. Concerning the question of the establishment of cooperative economic organizations at brigade or production team level, there have mainly been the following three kinds of practices:

1) In the areas where the economy is developed and where there are no foundations for communes and brigades to establish enterprises, both brigades and production teams can establish their own cooperative economic organizations; 2) production teams have been dissolved and regional cooperative economic organizations have been established on the basis of brigades; and 3) the organizations at the brigade level have been dissolved and regional cooperative economic organizations have been established on the basis of production teams.

During this reform, some areas have preserved or partially preserved the three-level economic structure or even preserved the name of people's commune. They have just reformed the functions of the commune and imbued it with new content. Some areas have changed the three-level structure into a two-level one; but in handling the relations of property, they have announced that several things will remain unchanged in order to avoid the reemergence of the "immature transition to communism." In view of the bitter lessons we have drawn from the trouble caused by inappropriate and frequent changes in the forms of ownership in the past, the various areas have adopted relatively prudent policies in readjusting the forms of organizations. It seems to us that it is imperative for them to act in this manner. In order to promote the rapid development of rural economy toward specialization, socialization, and commodity production, it is not enough to only carry out reforms in the three-level relations of our people's communes and in the system of "combining government administration with commune management." We should also vigorously support the development of various kinds of new types of cooperative economic organizations. As specialized households emerge in large numbers, they urgently demand socialized cooperation and combination in order to satisfy their needs for technology, funds, supply and marketing, storage, processing, transportation, market information, management guidance and other links of their production and management. Under this situation, while reforming the original system in our rural areas, very naturally there will emerge diverse forms and layers of new economic combinations.

Since the cooperative transformation of our agriculture, the collective economy in our country's agriculture has basically all been established by administrative methods and in accordance with the division of administrative areas and levels. There are serious defects in this agricultural structure. As this practice regards as absolute the combinations that have been carried out in accordance with the administrative areas and levels and as it does not acknowledge the combinations of diverse forms and levels, it is detrimental to the rational combination of means of production, technology, labor and other production factors and to the development of social division of labor. As it entirely negates the personal ownership of peasants over certain kinds of means of production and negates their right to obtain remuneration by means of these means of production, it is detrimental to raising more funds for the development of rural economy. Therefore, as our agricultural structural reform has developed since the 3d Plenary Session of the 11th CPC Committee, there will inevitably be a breakthrough in the previous forms of cooperation and new economic combinations will inevitably emerge.

The forms of this kind of new economic combination are increasing day by day. There are combinations between commune members and collective and state-run units as well as those between commune members; there are combinations of units in the same areas as well as those between units in different areas; there are not only combinations of labor but also combinations of funds or resources and combinations of both labor and funds; there are combinations involving entire production processes or those involving certain links in the production processes, and also those involving the operation before or after production such as supply and marketing, processing, and storage; there are combinations that are not economic entities such as diverse forms of cooperation as well as those that are economic entities; there are comprehensive as well as specialized combinations; there are combinations in which the commune members not only carry out distribution according to labor but are also paid dividends in proportion to their shares; and so on.

Because these combinations have actually been established among the peasants on the basis of the principle of voluntary participation and mutual benefits and because they have broken the previous fetters of uniform forms and administrative areas and tiers, they have relatively strong vitality and have achieved rapid development. Of course, their development has as yet been uneven and we should continue to sum up experiences and perfect them.

At present, what occupies a guiding position in our rural cooperative economy is still the regional cooperative economic organizations that have been established since the above-mentioned separation between government administration and commune management. This kind of cooperative economic organization should satisfactorily undertake the tasks of combining centralism with decentralism and combining management with service. To sum up, they should perform the following three functions:

1. The function of economic management. "Combining centralization with decentralization and managing on two levels" combines the initiative of laborers as individuals with the superiority of the centralized management of collective economy, while the superiority of centralized management should be given play through regional cooperative economic organizations. As an assignor, a cooperative economic organization is responsible for rationally distributing and readjusting the responsibility for land, signing and implementing responsibility contracts, fulfilling the tasks of handing over and collecting levies and satisfactorily administering public property. Here, there is an interdependent and mutually promoting relation between centralization and decentralization. When the sphere of centralization develops, there will be better conditions for the development of the sphere of decentralization. As a result, the whole cooperative economy will be able to make further progress.

2. The function of socialized service. A regional cooperative economic organization can use its public accumulation to carry out the production capital construction that a single family or household is unable to carry out and can purchase some large facilities to serve the households that are engaged in decentralized management. It can also do this in combination with the state-run economic sector or with peasants as individuals. This is imperative for raising labor productivity.

Through the above-mentioned two functions, a regional cooperative organization can very satisfactorily give play to its role in implementing the state plans. On the one hand, it implements the requirements of the state plans through contracts and on the other hand, influences and guides the orientation of the peasants' production through carrying out the work of providing socialized services.

3. The function of coordination and guidance. For example, in a period when the price system is irrational and it is impossible to make an all-round readjustment in the short term, a regional cooperative organization can internally readjust the difference of income between the number of commune members engaged in industry and agriculture and between commune members engaged in different undertakings, and support the development of the specialized households that are engaged in grain production. For another example, it can give guidance and support to various kinds of specialized households and new combines by economic means.

Regional cooperative economic organizations and various kinds of rural economic combines are coexisting with the supply and marketing cooperatives, credit cooperatives, township and town enterprises and the family undertakings of commune members. All these entities have their different economic functions and form a new type of socialist cooperative economic network, which is precisely a new type of cooperative economic system and which opens broad prospects for developing rural commodity production and exchanges.

DEFENSE INDUSTRY FULFILLS CIVILIAN GOODS PLAN

OW171107 Beijing XINHUA Domestic Service in Chinese 0948 GMT 15 Nov 84

[By reporter Yu Fengyuan]

[Text] Beijing, 15 November (XINHUA) -- According to the statistics of the Commission of Science, Technology, and Industry for National Defense, as of the end of October, departments affiliated with the commission had overfulfilled by 9 percent the annual civilian goods output value plan 2 months ahead of schedule, registering an increase of 43.8 percent over the corresponding 1983 period.

Currently, science, technology, and industry departments for national defense are resolutely implementing the "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure" and the guidelines of Chairman of the Central Military Commission Deng Xiaoping's speech to a military commissior forum. The departments pledge to serve the overall interest of national construction, further utilize their superior equipment and abundant technical force, tap their potentials, and vigorously develop the production of civilian goods to promote the development of the national economy. After summing up experience and finding out where they lagged behind, they are now readjusting the civilian goods development plans for the period of the Seventh 5-Year Plan. They have tentatively decided to stress the production and development of 30 mainstay products in the five major categories of energy machinery; communications and transportation equipment; products for the light industrial market; chemical products for civilian use; and medical, food processing, and packing equipment. Continued efforts should be made to improve the quality of existing products, develop new products, and turn out more technology-intensive heavy, sophisticated products, which the state badly needs.

In recent years, defense science, technology, and industry departments have entered into the stage of well-planned priorities in implementing the policy of combining the military with civilians and developing civilian goods production. The prominent characteristics are:

1. The production of civilian goods has developed rather rapidly and economic results have improved continuously. This year the number of defense industry enterprises which have enjoyed good sales of their mainstay civilian goods and good economic results has markedly increased. Various defense industry enterprises produce some 2,000 civilian products, of which more than 300 key products in 19 categories are incorporated into the state plan. This year 14 more products have won state quality awards and a number of other products have filled a void in our country.
2. A number of technology-intensive new products and high-quality light industrial products have been developed in line with the needs of key state projects, the market, and the people's livelihood. Defense industry enterprises have already attained certain levels of production capacity in automobiles, hydraulic trestles, light motorcycles, washing machines, air conditioners, and cassette tapes. Defense industry enterprises occupy a dominant position in the market by producing 80 percent of the country's light motorcycles.
3. Carrying out extensive economic and technological cooperation with local economic departments to promote the combination of military and civilians and push forward the technological progress of local industries. Many provinces, municipalities, and autonomous regions have rendered further support for the combination of defense industry and civilian enterprises.

Guizhou Province has utilized the superior technology of a certain base affiliated with the Ministry of Astronautic Industry to produce refrigerators, incorporated it into the provincial plan, and provided economic support for this project. Chongqing City has organized a certain factory belonging to the Ministry of Ordnance Industry and 92 local factories into an integrated enterprise for producing small cars. This not only saves investment and reduces the time for setting up production lines but also promotes the development of local industries. From October 1983 to August this year, defense industry enterprises in Liaoning Province signed 1,523 technological cooperation contracts with local economic departments, of which 531 have been completed with remarkable economic results.

STATE COUNCIL CUTS TAXES IN SPECIAL ZONES

OW191243 Beijing XINHUA in English 1226 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- Income taxes will be reduced by 15 percent for joint ventures and similar businesses in China's special economic zones and the new development zones of the open coastal cities. This is one of the major points in a set of provisional regulations just issued by the State Council.

The 15 percent reduction also applies to technology-intensive projects, large projects with slow returns and long-term projects of energy, communications and port construction in the older sectors of the 14 coastal cities and Shantou, Zhuhai, and Xiawen other than the new development zones.

The new rules also waive income taxes for some long-term industrial, communications, transport, agricultural and service trade undertakings in the special economic zones and open coastal cities in their first one or two profit-making years. Reductions of 50 percent are allowed in the following two or three years. The regulations also apply to Hainan Island.

Income taxes for other enterprises in the older sectors of the cities involved will be computed according to 80 percent of the original tax rate.

Consolidated industrial and commercial tax exemptions are granted for special and development zone enterprises on imports of machinery and equipment, raw materials, building supplies, spare parts and some other necessities for productive purposes. Tax is also lifted on export products turned out by the joint ventures, cooperative and foreign-financed businesses and on products they sell within the special economic zones. However, duties will be charged on products sold to other parts of China.

Foreign participants in joint ventures will be allowed to remit their share of the profits overseas tax-free. A ten-percent tax will be levied on income from royalties, dividends, interest and rentals. The comparable rate for other parts of the country is 20 percent. The exemption and reduction of income tax are applicable to the whole of 1984, while the exemption and reduction of consolidated industrial and commercial tax will become effective from December 1, 1984.

GU MU ON OPEN POLICY IN ECONOMIC REFORM

HK160535 Beijing CHINA DAILY in English 16 Nov 84 p 4

[Text] Gu Mu, state councillor and member of the party Central Committee's Secretariat, discussed work related to China's open policy in a recent lecture, according to the WORLD ECONOMIC HERALD. Excerpts follow:

China's open policy is a longstanding strategy and an important part of its economic reforms. To build a socialism with Chinese characteristics, it is necessary to carry out further the open policy in the economic field. China's construction has been going on amid world economic competition. Therefore, the speed of its development is a pressing problem.

At present, China has a capital shortage, a fact that hinders its modernization programme. It is advisable to encourage foreign investment and to use foreign capital for the sake of China's own development. According to Deng Xiaoping, China's open policy is intended to attract foreign capital and advanced technology. It was not worked out with only a moment's thought, but is based on past experience.

After the Third Plenary Session of the 11th party Central Committee in late 1978, the nation focused its attention on construction and modernization. Economic reforms and the open policy are continuing efforts to ensure that China will reach its grand goal of modernizing itself.

Urgent Need

China's technological level has lagged behind the world's advanced level by 20-30 years. In addition to capital, China lacks modern methods of managing enterprises, economic information and trained management personnel. Only by borrowing foreign capital and technology can China lessen the gap between advanced countries and itself.

Each year, the number of needed projects must be reduced because of a shortage of capital. Moreover, there is an urgent need for technical upgrading, as out-of-date equipment and backward techniques are still common in most enterprises. In recent years, China has benefited to a certain degree, from foreign investment in building harbors, railways, and coal mines. Oil exploration and agriculture have also been helped.

China has spent several billion dollars in the last few years to equip certain areas of production with modern technology. More than 300 enterprises have been set up with foreign investment, together with another thousand coordinated businesses. These have brought improved economic results including profits. Socialism needs mass production, which is well developed in some capitalist countries. However, mass production is not limited to capitalism, but is an objective law of economic development. No well-developed country has practiced a closed-door policy.

Difference

Some people raise a question about the difference between today's open policy and the "open-door policy" forced upon old China. There is a fundamental difference between the two. In the 19th century, foreign imperialists opened China's doors with ships and guns and imposed a series of unequal treaties on the Chinese people. Today, however, China invites foreigners to invest or do business to invigorate its own economy. This is essentially based on equality, mutual respect and mutual benefits. Such matters as sharing of profits and business practices are handled under Chinese laws. Foreign businessmen are subject to Chinese laws as well.

People also raise questions about the special economic zones in China. These economic zones and the 14 coastal cities that have been further opened up are specific measures of the open policy and they do no harm to the country's integrity or sovereignty.

Unlike Hong Kong and Taiwan, which will in the future become special administrative regions, the four special economic zones are areas, where special economic policies and management systems are being experimented with under the party's leadership. Their products are mainly for export.

Four Places

But some people wonder why these zones are necessary when the whole nation is open to foreign investment. The four places -- Shenzhen, Zhuhai, Shantou and Xiamen -- have special geographical positions and therefore have been designated as special zones. Take Shenzhen for instance. Shenzhen is close to Hong Kong and sources of foreign capital, technology and world market information. Since 1979, it has become a comparatively modern city, with a flourishing economy. In 1983, its industrial production was 10 times greater than in 1979 and its governmental income was seven times greater. People's living standards have also been raised.

Half a year has passed since China further opened up its 14 coastal cities. Even in such a short time, achievements have been noticeable. Within the first nine months of this year, these cities had signed more than 400 economic and technical contracts with foreign companies.

A brighter future is in sight when Shanghai, Tianjin and Guangzhou will become world trade centres and when the 14 coastal cities, the four special economic zones and Hainan Island in Guangdong Province will contribute their share to the national economy.

ZHANG JINGFU, YUAN BAOHUA HEAD NEW SOCIETY

OW161210 Shanghai City Service in Mandarin 1100 GMT 13 Nov 84

[Text] The inauguration meeting and first annual meeting of the China Society for Study of Education for Workers and Staff Members were held in Xiamen recently. Zhang Jingfu and Yuan Baohua have been invited to become honorary presidents of the society. (Zhang Ding) and Pu Tongxiu are presidents. A constitution was adopted. At the society's first annual meeting, participants discussed the topics of study for the Seventh 5-Year Plan, and the draft plan for study in 1985.

ANHUI RIBAO ON DISCONTINUING OBSOLETE TERMS

HK170734 Hefei ANHUI RIBAO in Chinese 26 Oct 84 p 1

[Commentator's article: "Obsolete Terms Must Be Abandoned"]

[Text] The obsolete terms have referred to are the obsolete words, expressions, or concepts that have frequently cropped up in some reports, articles, or speeches. For example, the continued use of the formulation "controls but not rigidity; flexibility but not confusion" in reference to plans and market; continued encouragement of "living frugally" and "living as if we were poor when we are well off" in reference to our livelihood, indiscriminate criticism of the ideological style of "working in a big way for big profit, making smaller efforts for smaller profit, and quitting when there is no profit at all" in reference to enterprise management; the continued application of the old practice of enumerating land, population, and labor force in reference to the present situation in a locality without realizing the necessity of taking the development of commodity production in that locality as an important yardstick of assessment; and habitually taking a person's family background and social relations as an important criteria for determining the political reliability of a person. These obsolete terms are not in keeping with the spirit of our times, prevent the people from winning ideological and spiritual emancipation, and are disadvantageous to our current reform and the four modernizations program.

We are now in a new period of socialist modernization. In an effort to achieve the objective of quadrupling our output value set down by the 12th CPC National Congress, we have implemented the policy of invigorating the domestic economy and opening to the outside world and carried out a series of reforms of the economic structure. Practice has proved that the policies laid down since the 3d Plenary Session of the 11th CPC Central Committee are completely correct, that our economy had developed rapidly, that the people's living standards have improved tremendously, and that profound changes have taken place in various aspects of social life and in people's spirit and ideology. Language, which is used to express people's ideas, must be adapted to this change. The policies and measures adopted in light of the conditions in the new period should also be correctly expressed with new ideas and terms. The new things that have emerged in social life should be approached and explained with a new understanding. Only in this way can our articles, reports, or speeches accurately reflect the spirit of the party policies and correctly guide social life.

Some of the obsolete terms continuously used by some comrades are wrong because they reflect "leftist" policies and ideas. And some terms which came into being under a specific historical condition and which was considered rational at that time, have also become backward with the passage of time and changes in conditions. The use and spread of obsolete terms will inevitably cause ideological confusion and even lead to people's misunderstanding of the current policies. For this reason it is necessary to eliminate those erroneous and obsolete terms through conscientious analysis and differentiation.

For example, taken literally, the slogan "controls but not rigidity, flexibility but not confusion" seems to be very comprehensive and perfect in terms of a policy. However, judging from the actual meaning of this slogan and the result of its long-term practice, the character "flexibility" was aimed at attaining some practical results of "flexibility" from the excessive state control over the national economy at that time, which was an impossible thing. And as soon as some signs of "flexibility" appeared on the market, such as the emergence of some people doing business in a small way, a few people will become nervous, holding this as a sign of great confusion and considering it necessary to "rectify the deviation" immediately.

Consequently, there was only "rigidity" and not "flexibility." Our present policy of invigorating the economy is aimed at carrying out a series of reforms on the economic structure and thoroughly solving the problems of excessive centralism and control in order to instill great vitality into enterprises, stimulate the rapid development of socialist commodity production, to facilitate the flow of commodities, and to enliven the market. Our slogan is to "exercise effective control over major issues while allowing flexibility on minor ones." This is a correct and scientific formulation of the policy of invigorating the economy, which is completely different from the previous slogan of "controls but not rigidity, flexibility but not confusion," and which should not be lumped together. Take another example. The formulation "living frugally" has been a motto for the Chinese laboring people in running household affairs. This is quite understandable. Under the long-term feudal society, the individual economy could only engage in simple reproduction. Unable to have enough to eat and wear as a result of cruel exploitation, the peasants could not but "live frugally" year in and year out. With the establishment of the socialist system after liberation, production has developed tremendously and, compared with the old society, the people's livelihood has also greatly improved. However, due to the zigzag path we have taken in our socialist construction, which resulted in slow production growth and material shortages for a long time, we had to adopt various measures to restrict consumption and to continue to advocate "living a frugal life." This specific historical condition is now over. The rapid development of production since the 3d Plenary Session of the 11th CPC Central Committee has greatly changed the long-standing extreme shortage of consumer goods. At present, quite a few agricultural and sideline products and a number of manufactured goods for everyday use are unsalable or are difficult to sell. This is an excellent situation rarely seen for many years. The purpose of developing production in a socialist society is to improve the material and spiritual life of the people. Therefore, it is necessary to supply society with a growing quantity of various consumer goods. While consuming goods, the members of society constantly set new demands, which becomes a motive force stimulating production. Therefore, it is correct to encourage proper consumption on the basis of increased production and an ample supply of consumer goods. We should encourage the masses of people to proceed from the actual conditions and to eat and wear a little better and not blindly encourage the practice of "living frugally." Naturally, we should note that our is still a developing socialist country. Generally speaking, the current economy of our country is still fairly backward. We should not advocate "high consumption." It is still necessary for the state to limit the total social consumption funds to within a proper level and take strict precautions against the imbalance between production and consumption. As far as the members of society are concerned, they should also make arrangements for their livelihood on the principle of keeping expenditures within the limits of income.

Han Yu of the Tang Dynasty said that in writing articles it is necessary to "discard obsolete words and expressions." Here he referred chiefly to the necessity of eliminating the decadent style of writing of being flashy without substance, which had taken shape since the Wei, Jin, Song, Qi Liang, Chen Dynasties. This represented progress in reforming the style of writing. The obsolete terms we should discard today are fundamentally different from the ones Han Yu referred to, either in character or substance. This is also a reform of the style of writing. The style of writing is closely linked with the work style and ideological line of the party. Reforming the style of writing and discarding the obsolete terms which do not conform to the party's principles and policies are of positive significance to the elimination of "leftist" influence, the rectification of ideological line, and the development of reform and the four modernizations drive.

HUANG HUANG ADDRESSES ANHUI PARTY MEETING

OW171227 Hefei Anhui Provincial Service in Mandarin 1100 GMT 14 Nov 84

[Excerpts] The Standing Committee of the Provincial CPC Committee held an enlarged meeting from 7 to 12 November in Hefei, according to a report by ANHUI RIBAO reporter (Tu Jun) and our station's reporter (Cao Zhimin).

The meeting relayed and studied the guidelines of the 3d Plenary Session of the 12th CPC Central Committee and the speeches made by Hu Yaobang and other leading comrades at the central level. The meeting also discussed measures to be taken to put these into practice. In particular, the meeting studied how to speed up the reform of the economic structure focusing on the urban economy so as to bring about an upswing in our province's economic development.

At the meeting, Huang Huang, secretary of the provincial CPC Committee, relayed the guidelines contained in the speeches by the leading comrades at the central level. He also made a summing-up address. Wang Guangyu, deputy secretary of the provincial CPC Committee, spoke on the guidelines of the 3d Plenary Session of the 12th CPC Central Committee. Wang Yuzhao, another deputy secretary of the provincial CPC Committee, delivered a report titled "Speed Up the Pace of Economic Reform and Effect an Upswing of Anhui's Economy." Shi Junjie, also a deputy secretary of the provincial CPC Committee, reported on opinions about the work plan for the second-stage party rectification in the province and the convocation of the fourth provincial party congress.

In his speech, Wang Yuzhao gave an overall analysis of the economic situation in the province. He said: This year the initiative and creativity of the masses have been brought out, and the work in all fields has developed vigorously as a result of our efforts directed to party rectification and economic reform. From the achievements scored from January to October, we can say that this year's economic situation will be the best since 1979 when we began to readjust our economy. With regard to measures to grasp present economic work and fulfill in an all-round way this year's economic and social development plan, he said: First, we should continue to grasp rural reform work firmly and well and develop the fine trend of commodity production in the countryside. Second, we should grasp industrial production at present and make good preparations for next year's production work. Third, we should consolidate the achievements we have already made in reforming our commerce, advance further on the basis of these achievements, and make further efforts to do away with the practices of the two common big bowls and to facilitate the flow of commodities. Fourth, great attention should be paid to open more revenue sources in an effort to overfulfill the revenue quota as much as possible. Fifth, import and export trade should be expanded, and a new situation of using foreign capital and acquiring technology from abroad should be opened up. Sixth, we should make faster progress in capital construction and technological transformation. Seventh, attention should be paid to development of the tertiary industry.

Shi Junjie, deputy secretary of the provincial CPC Committee, spoke on opinions about the work plan for the second-stage party rectification in the province and the convocation of the fourth provincial party congress. He said: Units listed for the second-stage party rectification work are prefectural, city, and county organizations and their subordinate units. The provincial CPC Committee has decided that the fourth provincial party congress be held in December this year or, at the latest, in January 1985. The agenda of the congress will contain three main points: 1) Hearing and discussing the provincial CPC Committee's work report: 2) Hearing and discussing the provincial Planning Commission's work report. 3) Election of a new CPC Committee for Anhui Province, a provincial Advisory Commission, and a provincial Discipline Inspection Commission.

Finally, Comrade Huang Huang delivered a speech at the meeting, mapping out a plan for studying and implementing the guidelines of the 3d Plenary session of the 12th CPC Central Committee and the spirit of the speeches by leading comrades at the central level. He stressed: The main task at present is to study the document well and unify people's thinking on the basis of this decision. Following the conscientious study of this document, efforts should be made to proceed with the reform of the entire economic structure focusing on the urban economy in a positive and reliable way by considering our reality. In the reform of the economic structure, first of all, attention should be paid to the following at this time:

1. Power in many fields should be delegated to the lower level. In this regard, emphasis should be put on changing the planning system and delegating power to enterprises. There should be fewer mandatory plans, but more guidance plans, and the power to examine and approve various projects should be delegated to the lower level. In principle, government departments should no longer manage enterprises directly.
2. It is necessary to invigorate the operations of enterprises in various ways. Serious efforts should be made to implement the guidelines of the previously mentioned decision so that the enterprises will truly become relatively independent economic entities or, more specifically, socialist commodity producers and traders which operate independently and are responsible for their own profits and losses. Besides, it is necessary to do well in building the enterprises' leading bodies and popularize the system of plant directors or managers assuming full responsibility. Further efforts should be made to establish and improve various forums of the economic responsibility system and various rules and regulations as well as to strengthen the legislative work in connection with economic activities.
3. Good work should be done in reforming the systems of prices, labor, and wages in strict accord with the unified planning by the central authorities.

In addition, Comrade Huang Huang urged party committees at all levels to conduct investigations and studies in grassroots units and do good, earnest propaganda work on reforming the economic structure.

Huang Huang said: Now the world economic situation is developing rapidly and vigorously, and there has appeared a state of affairs characterized by keen competition. Under these new circumstances, we must take a strategic view and be foresighted. He asked all localities to set their strategic work targets as soon as possible.

At the end of his speech, Comrade Huang Huang urged all localities to make overall planning and do their work methodically.

FUJIAN CHECKS CORRUPTION IN LUMBER PRODUCTION

OW181207 Fuzhou FUJIAN RIBAO in Chinese 4 Nov 84 p 1

[Dispatch by correspondents Zhen Yan and Chang Fu]

[Excerpts] Note by the Party Rectification Office of the Fujian Provincial CPC Committee: In using one's authority or position to seek personal gain, different professions employ different methods. This is a problem which must be solved during the current party rectification. Our province is a major lumber-producing area in southern China. Cadres, staff members, and workers in the forestry departments have worked hard and achieved great results in fulfilling the tasks of lumber production and procurement. However, there are also some people who seize the opportunity to seek personal gain.

Proceeding from this reality, the party organization of the provincial Forestry Department has regarded investigation and dealing with people who seek personal gain in lumber production; strengthening ideological and political work among cadres, staff members, and workers in the forestry departments; rectifying their work style and discipline as an important part of party rectification and has thus effectively promoted the structural reform and strengthened management in the forestry departments. This experience is worthy to be learned from. [end note]

By proceeding from the real situation, the party organization of the provincial Forestry Department has seriously regarded the problem of using one's authority in lumber production for personal gain as a major matter to be dealt with in party rectification, summed up experiences in this regard, taken corrective measures, and achieved initial results. In recent years, the problem of using one's authority or position in lumber production to seek personal gain has become very serious. Some 25 cases involving 41 persons have been discovered in offices under the provincial Forestry Department and three units directly subordinate to the provincial Forestry Department alone.

The party organization of the provincial Forestry Department has strictly investigated and dealt with those who use their authority or positions to seek personal gain from lumber production. So far, six people have been sentenced, and over 56,000 yuan of illicit money have been recovered. After seriously summing up experiences and drawing lessons from these experiences, the party organization realizes that the problem is directly related to the bureaucratic practices among the leaders. First, the leaders have failed to vigorously promote ideological and political work or carry out education in party style and discipline in the new historical period; second, ambiguous regulations and laws governing management reform and the examination and approval of lumber production plus laxities in law enforcement have given the criminals the opportunity to exploit the situation to their advantage; third, having too many departments in charge of lumber management and the lack of unified management measures have given rise to many loopholes.

To deal with the existing problem, the party organization of the provincial Forestry Department has adopted the following reform and corrective measures:

1. Do a good job in structural reform, further relax the forestry policy, and implement the forestry production responsibility system as soon as possible.
2. Further improve the system of examination, approval, and control concerning the export of lumber not under the state monopoly for distribution, and transfer the power of examining and approving the export of lumber not under the state monopoly for distribution to the prefectural (city) forestry departments.
3. A new regulation has been worked out governing the examination and approval of the supply of extra-quota lumber material, such as substandard lumber, over-stocked small diameter timber, fiberboard, small-specification plywood, and odds and ends of lumber material.

FUJIAN'S XIANG NAN WELCOMES NATIONALITIES GROUP

OW181247 Fuzhou FUJIAN RIBAO in Chinese 4 Nov 84 p 1

[Dispatch by Liu Ruizhou and Wang Tianji]

[Text] A national day national minorities tourist group of 309 members ended their visits to Xiaman and Quanzhou and arrived in Fuzhou by bus yesterday evening.

Yesterday welcome streamers trailed from the Xihu Guesthouse, and red glags waved on both sides of the road leading to the guesthouse. At 1845, the tourist group arrived at the guesthouse accompanied by Jiu Yulin, deputy secretary general of the provincial government. Leading comrades of the provincial CPC Committee, the preparatory group for the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the Provincial CPPCC Committee, the provincial Discipline Inspection Commission, and Fuzhou City stepped forward to warmly greet the guests. Some 250 colorfully dressed children beat drums, blew bugles, and waved bouquets in welcome.

In the evening, Fujian provincial and Fuzhou city leaders, including Xiang Nan, Hu Hong, Wu Hongxiang, Jia Jiumin, Yuan Gai, Liu Yongye, Chen Xizhong, Zhang Chaundong, and Peng Shisheng, called on the responsible comrades of the tourist group at the Xihu Guesthouse. Comrade Xiang Nan briefed the guests on Fujian's special features, its economic construction in recent years, and the situation on both sides of the Taiwan Strait. While passing through Quanzhou, the group toured Kaiyuan Temple, Qingjing Temple, and the "Sage's Tomb."

JIANGSU PARTY MEETING HEARS HAN PEIXIN, CLOSES

OW190951 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 17 Nov 84

[Text] The enlarged meeting of the Ninth Plenary Session of the Sixth Jiangsu Provincial CPC Committee closed on the afternoon of 17 November. The meeting heard comrades Han Peixin and Gu Xiulian report on the spirit of the 3d Plenary Session of the 12th CPC Central Committee, and studied and discussed the decision of the Central Committee of the Communist Party of China on reform of the economic structure, and the important speech made by Comrade Hu Yaobang on his recent inspection tour in Jiangsu. The comrades attending the meeting learned a great deal and were greatly encouraged. They all considered the CPC Central Committee's decision a brilliant document integrating Marxism and realities in China, and believed that it is a powerful ideological weapon in building a socialist system with Chinese characteristics, and that it is tremendously significant in guiding our efforts to achieve the grand goals set forth by the 12th CPC Congress and win seven more consecutive victories. They pledged to respond to Comrade Hu Yaobang's call, and to decisively and creatively carry out the CPC Central Committee's decision, step up reform efforts, and fully accomplish the reform tasks in all fields.

The plenary session this afternoon decided to hold the Seventh Jiangsu Provincial Congress of the Communist Party of China on around 10 December. The agenda of the congress includes: discussion and approval of the provincial party committee's work report, and election of members and alternate members of the Seventh Jiangsu Provincial CPC Committee and members of the Jiangsu Provincial Advisory Commission and the Jiangsu Provincial Discipline Inspection Commission.

Attending the enlarged meeting were members and alternate members of the Sixth Jiangsu Provincial CPC Committee, members of the CPC committees of various cities and counties, and responsible party-member cadres of provincial-level organs and departments and institutions of higher learning in Nanjing, totaling 365 people.

SHENZHEN SIMPLIFIES ENTRY-EXIT PROCEDURES

HK190907 Beijing ZHONGGUO XINWEN SHE in Chinese 0745 GMT 18 Nov 84

["Shenzhen Simplifies Entry-Exit Procedures for Overseas Businessmen" -- ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 18 Nov (ZHONGGUO XINWEN SHE) -- The Shenzhen Entry-Exit Registration Office has simplified examination and approval procedures for overseas businessmen entering the special zone.

All foreigners, foreigners of Chinese origin, and Overseas Chinese who go to the Shenzhen special zone from Hong Kong to carry out business activities, including foreign technicians working in enterprises solely using overseas investment and joint ventures using Chinese and foreign investment, are requested to go directly to the Shenzhen Entry-Exit Registration Office at the end of Luohu Bridge to go through the entry-exit procedures. They should bring with them certificates issued by the units in Shenzhen which invited them (including the applicants' Chinese and foreign names, nationality, sex, units they serve, occupation, entry reasons, required duration and validity of visa) and their passports or certificates as well as one application form and one photo. Generally speaking, they can go through the formalities and obtain their visas on the very day of arrival.

ZHAO DI ON REGISTRATION OF HENAN PARTY MEMBERS

HK170249 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 16 Nov 84

[Excerpts] On the morning of 15 November, the provincial CPC Committee's party rectification work office convened a meeting of responsible comrades of the first batch of units carrying out party rectification, at which Comrade Zhao Di gave a summation and outlined arrangements for the work. He demanded that these units do a good and serious job of organizational measures and the registration of party members. Comrade Liu Zhengwei presided and spoke. Lin Yingcai and Chen Hongliang, deputy directors of the provincial CPC Committee's Party Rectification Office, attended.

Comrade Zhao Di first summed up work in the stage of rectification and correction. He said: Generally speaking, rectification and correction has developed healthily and has yielded outstanding results. He said: Under the stimulus of party rectification, the province has done very well in industrial and agricultural production this year. According to statistics, total industrial output value from January to October was 21.503 billion yuan, a rise of 11.8 percent over the same period last year. Profit of enterprises covered by the budget rose by 16.2 percent, while financial revenue was up by 14.2 percent. A good agricultural harvest is expected despite serious autumn flooding.

On switching to the state of organizational measures and registration of party members in party rectification, Comrade Zhao Di said: We must clearly realize that the development of party rectification is very uneven in the different units. A few units have not scored much success. Problems of certain leadership groups have not been solved well. Some units are afraid of difficulties, act half-heartedly, and are filled with misgivings in dealing with people involved in using power for private purposes and pursuing bureaucratism. They have not acted seriously in investigating and dealing with such cases. Some units do not have a good grasp of checking on people of three categories, and the progress of verifying such people is slow. There is still great factional interference in some units. These units must seriously make up for the lessons they have missed and continue to grasp rectification and correction. Those that fail to meet the criteria and to gain the acceptance standards set by the upper levels cannot switch to the next stage.

Comrade Zhao Di said: The methods and steps in carrying out organizational measures and registration of party members can be divided into four steps, in light of the experiences of the provincial textile industry department and food bureau: study of documents, individual performance summation, organizational measures, and registration of party members. Generally speaking this stage can take about 1 month. The units carrying out party rectification must formulate specific plans based on their own actual conditions and to a thoroughly sound and effective job in completing the tasks of this stage.

We should focus on conducting ideological education for the party members and on deciding which party members should have their registration deferred, which should not be registered, and which should be punished. It is essential to seek truth from facts, without exaggeration or understatement, in individual performance summation and deciding on measures. In carrying out organizational measures on party members who made mistakes, it is necessary to strictly observe the procedure stipulated by the party constitution and the provisions stipulated by the discipline inspection departments. The facts and evidence must be clear, the decisions accurate, the measures appropriate, and the procedure properly followed. The work must be able to withstand the test of history.

Comrade Zhao Di said: The provincial CPC Committee demands that the party organizations of all units carrying out rectification tangibly strengthen leadership over this stage in rectification and provide careful organization and guidance. They must promptly study and help to solve problems that crop up. Attention must be paid to eliminating excessive tolerance, fear of difficulties, weakness, and similar tendencies; we must dare to grasp and take charge of things and to tackle difficult problems. When necessary, party members should be expelled, punished, advised to leave, or have their registration deferred, as appropriate. Special attention must be paid to guarding against registering party members without first considering the matter carefully, which might occur. We must constantly keep a grasp on the state of implementing principle and policies and must certainly not adopt a laissez-faire approach.

We must insist on the criteria for party members and strictly grasp the policies. We should take a discriminatory attitude regarding mistakes and problems of party members and leading party-member cadres during the Cultural Revolution, except those concerning people of three categories. Ordinary errors will not be raised again as problems. This time we must reach conclusions on and handle people who made serious mistakes and who have not yet had conclusions reached on their cases or been dealt with. Those who have had conclusions reached and have been dealt with will not be dealt with again, if no major new problems have occurred. Although it is not necessary to reach conclusions and deal with certain comrades who made mistakes, the masses have strong views about them. Such comrades must carry out serious self-criticism.

People of three categories must in principle be expelled from the party, except for those whom long testing has proved to have truly mended their ways. People who have stubbornly resisted the central line since the 3d Plenary Session of the 11th CPC Central Committee, people who have committed serious economic and other crimes, and others who have seriously violated law and discipline must all be expelled from the party.

With regard to a few who cling to their erroneous political stand and refuse to correct it, apart from waging serious criticism and ideological struggle against them, we must also impose the necessary organizational discipline on them. The necessary punishment must also be meted out to bureaucrats who have been in serious dereliction of duty, to the extent of dismissing them from their posts or from the party.

In dealing with problems of using powers for private purposes, we must grasp the following principles: In general they will not be held responsible for problems that occurred before the promulgation of the guidelines on inner-party political life; it is sufficient if they themselves examine ordinary problems that occurred after the promulgation of the guidelines; and those involved in serious cases must be held responsible.

Comrade Zhao Di demanded that all units carrying out party rectification closely integrate rectification with implementing the spirit of the 3d Plenary Session of the 12th CPC Central Committee. They should ensure that party rectification, reforms, economic work, and all other work stimulate and promote each other.

HENAN COMMENTS ON PRICING SYSTEM REFORM PROBLEMS

HK200458 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 18 Nov 84

[Commentator's article: "Eliminate This Kind of Understanding"]

[Text] At present, some people in the province have a misunderstanding. They believe that the reform in the price structure means a rise in prices. The situation of hiking prices has even occurred in a few places. We should attach importance to this situation.

The reform in the price structure does not mean a rise in prices. Instead, it is a structural readjustment and is a means to make prices more rational. Price is a reflection of the commodity value in monetary terms. The price is determined by the value of a commodity itself. However, because of protracted leftist influence in the past, the pricing system could not correctly reflect the relationship between price and supply and demand, nor could it give play to the role of readjustment, thereby seriously affecting the rapid development of our economy. Therefore, the reform of the pricing system is the crux of the economic structural reform as a whole. The reform must inevitably be carried out or nothing will work well.

The reform of the pricing system involves thousands upon thousands of households and affects the overall situation. Therefore, we must handle it in a serious way. Since we have not understood in an all-round way the spirit of documents of the 3d Plenary Session of the 12th CPC Central Committee, it is not surprising that people have misunderstood the reform of the pricing system. In the wake of in-depth study and the heightening of understanding, however, their worries will be dispelled. At present we should pay attention to the situation in which some units and individuals disregard the interests of the state and the people, violate price policies, and arbitrarily hike prices. They disrupt the market, undermine the party's price policies, and damage the reputation of the reform of the pricing system. It is necessary for us to adopt measures to deal with these practices at once, in order to correctly carry out the reform of the pricing system.

Government and price bureaus at various levels must strengthen their leadership. They must use economic means to seriously deal with those units and individuals who arbitrarily hike prices, and they must take disciplinary measures or punish them according to the law in case of serious incidents, so as to ensure that the reform of the pricing system will be carried out smoothly.

CHINA DAILY ON 'SHOCKING' GUIZHOU BACKWARDNESS

HK180154 Beijing CHINA DAILY in English 18 Nov 84 p 4

[Text] Although rural economic reforms have brought essential changes and prosperity to the countryside, people in some rural areas in Guizhou Province in the southwest still have barely enough food and clothing. Guizhou is one of the poorest provinces in China. The backwardness of its economy is described as "shocking" in a signed article in the WORLD ECONOMIC HERALD.

Industrial and agricultural gross value is the lowest in the country -- less than half the national average. Its township enterprises are worth as little as 2 percent of those in advanced provinces such as Jiangsu, even though the latter has far fewer mineral reserves. The gap seems hard to credit considering Guizhou was one of the first provinces to adopt the rural reforms and introduce the responsibility system.

Guizhou has abundant natural resources, with some of the highest mineral reserves in China. The climate, soil, and water are all good for agriculture. The article says that the poverty in the province is caused by the narrow-mindedness of the local people, and the restricted economy there resulted in poor development of education communications. This can be easily illustrated by the following facts and statistics. The province's rail and air services are among the poorest in the country. There are far from enough roads -- the main means of transport of the province -- and they are the poorest in the country. Twenty percent of the communes and half of the production brigades are inaccessible.

In Liuma District, hundreds of tons of fruit were once left to rot because there was no means of moving them. In some areas, farmers have to hire people to carry their livestock to market. This sometimes takes days and costs almost as much as the farmers get for their pigs. Telephone systems are badly outdated, with 80 percent almost 30 years old. In some places, people are hired as messengers.

Education Fettered

Post, TV and radio are also poorly developed. In many places people cannot receive radio or TV programmes and most of the rural production brigades do not have access to newspapers. This has made the people very poorly informed and also greatly fettered the development of education in the province. Nearly one third of the rural population are illiterate or semi-literate, a proportion much higher than the national average. The article said it was impossible to invigorate the economy of the province and raise living standards in the absence of proper communication and education facilities. The people there should be better informed of what is going on in other parts of the country and they should enjoy better education.

However, the article said, state investment should not be relied upon to change the situation: Financial difficulties restrict large scale reconstruction of the communications system and education programme. The most economic way was to promote the exchange of personnel between Guizhou and other provinces, so that new ideas and advanced technology could be brought in to stimulate progress, the article added.

Measures should be adopted to attract large numbers of professional people to the province to help. Investment in talent proves to be at least as profitable as material investment. These measures should include offering preferential treatment to those helpers in salary and living conditions. On the other hand, Guizhou should also try to stop local professional people moving elsewhere. Large numbers of them are still trying to leave. What is worse, the talents of many professional people who remain are wasted. This was intolerable, said the article. Considering the specific situation of Guizhou Province, it was essential that much more-flexible policies be adopted in the province. The outmoded personnel, taxation and circulation systems should be reformed to stimulate commodity production, the article concluded.

BEIJING SUFFERING FROM CROWING WATER SHORTAGE

HK160547 Beijing CHINA DAILY in English 16 Nov 84 p 3

[By staff reporter]

[Text] Beijing is facing its worst water shortage for years, it was revealed yesterday. The city's two main reservoirs have only 435 million tons of usable water -- less than half the amount of a year ago. And now city authorities are urging factories and householders to conserve as much as possible. The problem has been compounded by the dwindling underground water sources, the authorities added.

The underground water level has been dropping at an average rate of more than one metre a year and this year dropped 1.5 metres at some suburban sites. As a result, two-thirds of the 40,000 artesian wells in the city's rural areas have almost run dry, posing a serious threat to the 180,000 hectares of wheat farms there this year. The city authorities say they expect no more than 210 to 280 million tons of water to flow into the two main reservoirs -- Miyun and Guanting -- from rivers upland next spring. At the same time, the demand for water in the city will continue to rise with the industrial and residential expansion.

Drastic

The city is doing all it can to boost the water supply by developing additional sources. However, before this can be done, Beijing's water shortage will continue to worsen unless more drastic measures are taken to cut consumption, the authorities said.

RENMIN RIBAO (PEOPLE'S DAILY) and BEIJING DAILY yesterday called for water conservation measures by domestic and commercial consumers. Earlier, Beijing's mayor, Chen Xitong, urged an all-out effort to "save the life-blood of the capital" by conserving water. He said the annual demand in the city had risen from 7.8 million tons in 1950 to 550 million tons this year, while water resources -- including reservoir storage, and the underground water -- continued to shrink each year.

The city now needs 1.5 million tons of water a day, 60 per cent of which is used by residential households and the rest by industry and other sectors. The daily shortage is about 200,000 tons, he said. Since last year, the city's water company has been gradually reducing its supply to major industry users, forcing them to conserve. Meanwhile, water metres are being installed in residences across the city to encourage water conservation by domestic users.

HEBEI ON WEEDING OUT 'PEOPLE OF 3 CATEGORIES'

HK191235 Shijiazhuang HEBEI RIBAO in Chinese 2 Nov 84 p 1

[Commentator's article: "Resolutely Weed Out 'People of Three Categories,' Unite and Educate the Vast Majority"]

[Text] In the course of party rectification, how should we resolutely weed out the "people of three categories," purify the party organizations, and at the same time unite and educate the comrades who committed various mistakes during the "Cultural Revolution," to further concentrate the efforts of the whole party and work hard to achieve the general task of the new period? This is an important question which must be seriously dealt with.

The "people of three categories" are the intranquil and most dangerous factors within the party. Therefore, weeding them out is the key to purifying party organizations. The "people of three categories" are the political forces that took shape during the "Cultural Revolution" which have wild ambitions, which are extremely harmful to the party, state, and people, and which must not be ignored. They have the following characteristics: 1) They stubbornly cling to the reactionary ideological system of Lin Biao and the "gang of four" and have a set of inciting and subversive political schemes. Even to this day, some of them have brazenly threatened and attacked the comrades in charge of investigation work; some have secretly contacted each other, stirred up factionalism, and created disturbances; some have engaged in economic offenses and said that although they fell from power politically, they will try to make a fortune economically and even claimed that they will try to seize power again with economic backing; and some have spread reactionary views attacking the line formulated since the 3d Plenary Session of the 11th CPC Central Committee and the leading comrades of the party. 2) They are good at double-dealing and have crafty struggle tactics. When the situation is unfavorable to them, they try by every means to disguise themselves, worm their way into others' confidence, and struggle for existence. When there is an opportunity to take advantage of, they come out into the open again to make trouble. 3) They are dispersed and hidden in many places throughout the province and they have never ceased making secret factional contacts. 4) These people are relatively young and educated and are good at writing and propagating. Relying on such advantages, they are waiting for the opportunity to stage a comeback. It is particularly noteworthy that many of them are at the same age level as the third echelon cadres we intend to select. If we are careless in this respect, they will try to worm their way in. These characteristics show that the "people of three categories" are the hidden peril within the party. We must prevent them from sneaking into the leading bodies at all levels, the key departments, and the third echelon. Those who have wormed their way in must be resolutely weeded out. With regard to this issue which has an important bearing on the purification of party organizations and on the future and destiny of the state, party organizations at all levels should be sober-minded. Besides realizing that the "people of three categories" constitute only a minority, they should have a clear understanding of the capacity and harm caused by these people. They should conduct the work of weeding out the "people of three categories" unswervingly and in a down-to-earth manner and must never hesitate or be careless in this matter.

It is necessary to resolutely weed out the "people of three categories" as well as to firmly unite the vast majority. Only by doing a good job of uniting the vast majority can we further isolate and weed out the handful of the "people of three categories." In the current work of weeding out the "people of three categories" and uniting and educating the vast majority, we must proceed from party spirit and the party's policies and must never act impetuously or draw distinctions according to factionalism. As pointed out by Comrade Bo Yibo, if we deviate from party spirit and the party's policies, there will exist the "possibility of the 'people of three categories' escaping unpunished and also the danger of broadening the scope of the 'people of three categories.'" Therefore, the "people of three categories," whichever factional organization they belonged to during the "Cultural Revolution," must be weeded out. We cannot weed out the people of only one faction and let off those of the other.

It is impermissible to turn the problems of people of the same faction from big to small and from small to nothing; and to exaggerate the problems of people of the other faction. Party cadres should not harbor the "people of three categories" who once "protected" them just for the sake of "paying a debt of gratitude"; nor should they regard the comrades who committed some mistakes as "people of three categories" for the sake of seeking revenge. They should proceed from party spirit and the party's principles and should seriously weed out the "people of three categories." They must not be soft-hearted and must never try to shield these people. As to the vast majority who do not belong to the "people of three categories," we must unite and educate them and make progress together.

SHANXI'S LI LIGONG AT YOUNG PIONEERS CONGRESS

SK200419 Taiyuan SHANXI RIBAO in Chinese 30 Oct 84 p 1

[Excerpts] The provincial Congress of Young Pioneers and instructors concluded at the Yingze Guesthouse on the afternoon of 29 October. Attending the closing ceremony were leading comrades of the province and Taiyuan City, including Li Ligong, Li Xiuren, Wang Tingdong, Zhang Jianmin, Ruan Bosheng, Guo Qinan, Shi Xingsan, and Su Guozhu, as well as Wen Yuxin, vice chairman of the National Committee on Young Pioneer's Work. Cia Peiyi, director of the provincial Education Department, gave a closing speech.

Li Ligong, secretary of the provincial CPC Committee, spoke at the closing ceremony. He said: This congress has been an unprecedentedly grand gathering of our province in the 35 years after the founding of Young Pioneers. It signifies a new stage for our province's Young Pioneer's work -- training of talented people. The fourth and the fifth echelons who will lead our four modernizations in the future will emerge from the present children. Party and government departments at all levels should attach great importance to this work and, in line with necessity and possibility, solve some practical problems. All prefectures and cities should actively open some places for children's activity according to local situation and, where conditions permit, should build some permanent activity centers.

SHANXI HOLDS MEETING ON CONSOLIDATING MILITIA

HK161513 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 15 Nov 84

[Excerpts] From 12 to 15 November, the provincial military command held a meeting in Wenshui County on consolidating people's militia organizations to promote the experience of Wenshui County in this field.

Zhang Hengcai, deputy commander of the provincial military command, attended the meeting and delivered a speech. He pointed out: CPC committees at all levels must put the work of consolidating people's militia organizations in an important position, vigorously strengthen their leadership, and properly consolidate people's militia organizations centered on the central task so that the building of people's militia organizations can better meet the needs of economic reform and the development of the strategic situation.

LI XUEZHI ON CASE OF NINGXIA ENTRAPPED PEASANTS

HK200425 Yinchuan NINGXIA RIBAO in Chinese 1 Nov 84 p 1

[Report by Xiong Dizhu, Li Zhihong, and Zhang Xiaomin: "Li Xuezhi Gives Instructions on a Case of Entrapping Peasants in the Purchase of Beets"]

[Text] In an article entitled "Shocking News of Entrapping Peasants," frontpaged in NINGXIA RIBAO on 31 October, Li Xuezhi, secretary of the regional CPC Committee, issued the following instructions: Investigate the case, seriously deal with it, and redeem our image by making a statement in the newspaper; losses caused by deductions must be compensated for; send capable cadres to rectify beet purchasing centers; and carry out purchase work energetically and in an orderly manner.

On the morning of the same day, Cai Zhulin, member of the Standing Committee of the regional CPC Committee, instructed by telephone the regional Light Industry and Textile Department, the regional Agricultural Cultivation Bureau, and Huolan and Pingluo Counties to seriously handle problems in the purchase of beets. In the afternoon, Comrade Cai Zhulin transmitted Comrade Li Xuezhi's instructions to the above units and counties. He said: The peasants have had difficulties in selling grain and vegetables; now they are also faced with difficulty in selling beets. This news report has struck home. It is good that the party newspaper has spoken on behalf of the people. There are radiators in our rooms, but the peasants had to wait for 6 days and nights in the open to sell their beets. Just imagine how they suffered. Some people even beat and abused them. Is this not outrageous? It is very good that the party newspaper has spoken on behalf of the peasants. Showing no sympathy for the peasants is apathetic. Now that the case has been published in newspaper, there must be a result, and the result should also be carried in newspapers so as to let the peasants know and to redeem our image.

The CPC Committee of the regional Agricultural Cultivation Bureau immediately called an emergency meeting in accordance with the regional CPC Committee's instructions. It decided: 1) to adopt a correct attitude toward criticism carried in newspapers; 2) to seriously deal with the case of beating and abusing the peasants; 3) to strengthen order in beet purchasing centers and to carry out purchase work according to plan; and 4) to send a work team to the Nuanquan purchasing center of the Yinchuan sugar refinery to conduct a survey. The work team arrived in Nuanquan purchasing center on the afternoon of 31 October. Leading comrades of the regional Light Industry and Textile Department also decided to send a work team to the Yaofu purchasing center to conduct a survey.

NINGXIA RIBAO COMMENTS ON WORK IN FIGHTING CRIME

HK200453 Yinchuan NINGXIA RIBAO in Chinese 30 Oct 84 p 1

[Commentator's article: "Guard Against Arrogance and Rashness, Render New Meritorious Service"]

[Text] Cracking down on criminal activities promptly, severely, and according to law is of great importance to the fundamental improvement of public order and the promotion of the four modernizations drive. The public security and judicial departments at all levels throughout the region must conscientiously sum up experiences, strengthen the building of their ranks, and implement party policies and state laws in an exemplary way in order to ensure the smooth progress of this struggle.

Over the past year and more, under the correct leadership and unified arrangements of the party committees and governments at all levels, the political and legal organs at all levels and the vast numbers of armed police throughout the region have relied on the broad masses of people and resolutely implemented the principle of dealing with criminal activities promptly, severely, and according to law. Fighting bravely, they have made contributions to the great victories in the struggle against criminal activities and to the marked improvement in public order in our region. Now, most of the overt criminals have been brought to justice and the gangs of hooligans which were rampant for a time have been dealt a heavy blow. The incidence of criminal cases has dropped drastically and the arrogance of the criminals has been punctured to a certain extent. Public order has improved considerably, the masses of people have strengthened their sense of security, and more and more people dare to struggle against criminals. The various measures for comprehensively improving public order have been further implemented and a large number of erring youths and adolescents have been educated and redeemed. The public security and judicial organs at all levels have enhanced their prestige rapidly and have won the confidence and support of the party and the masses. The vast numbers of armed police have enhanced their understanding of the law and policies in their round-the-clock struggle against criminals and have stood rigorous tests. A number of heroic and model figures have come to the fore. Practice has proven that ours is a contingent of political and legal workers who are politically sound and professionally competent and who possess considerable combat effectiveness. The party and the people have faith in them. They are worthy of being praised.

However, the political and legal organs at all levels must note and conscientiously solve some problems that still exist in their ranks organizationally, ideologically, and in work style, must strengthen the building of their ranks, and must speedily improve their political and professional equality. This is because the political and legal organs exercise the special power of dictatorship given by the state, wield the "knife" of dictatorship, and carry out their work in strict accordance with the policies and the law. For this reason, this contingent must be pure and reliable and all the armed police must have a high level of political consciousness, strict organizational discipline, a vigorous work style, and relatively high understanding of policy and professional knowledge. Only in this way can they implement the party policies and the state laws in an exemplary way and give full scope to the functions of the people's democratic dictatorship. To achieve this it is necessary to strengthen the building of the ranks and to strictly enforce discipline among the armed police. At present the vast numbers of armed police must energetically answer the call of the 3d Plenary Session of the 12th CPC Central Committee, conscientiously study and implement the "Decision of the CPC Central Committee on Reform of the Economic Structure," work harder, make persistent efforts, and make greater contributions in the struggle against criminal activities and in other work.

GU MU ATTENDS EXHIBIT OF WORKS BY TAIWAN ARTISTS

OW191123 Beijing XINHUA in English 1053 GMT 19 Nov 84

[Text] Beijing, November 19 (XINHUA) -- An exhibition of paintings by Taiwanese artists opened today at the China Art Gallery.

On display are some 60 works by six Taiwanese artists living in Taiwan, Hong Kong, the Chinese mainland and the United States. Some have won international awards.

They include oil paintings, traditional Chinese ink paintings and prints on a wide range of subjects. Some are realistic, some abstract and others are a blend of Western and Oriental traditions.

Hua Junwu, vice-chairman of the Chinese Artists' Association, which sponsored the exhibition, said the exhibition would improve links between artists and art-lovers in Taiwan and the mainland. He hoped more Taiwanese artists would visit and stage exhibitions.

State Councillor Gu Mu, five of the six Taiwanese artists and mainland painters attended the opening ceremony today. Wu Zuoren, acting chairman of the Chinese Artists' Association, cut the ribbon for the exhibition.

SUN YAT-SEN GRANDDAUGHTER ON TAIWAN ISSUE

OW140317 Beijing XINHUA Domestic Service in Chinese 1435 GMT 12 Nov 84

[By reporter Zhu Tieying]

[Excerpts] Kobe, 12 Nov (XINHUA) -- Sun Suifang, granddaughter of Mr Sun Yat-sen, said here today: The settlement of the Hong Kong issue and the principle of one country, two systems have provided a formula for Taiwan's return to the motherland. The reunification of the motherland is full of promise.

Madame Sun Suifang arrived in Kobe from Hong Kong yesterday to attend the opening ceremony for the "Sun Yat-sen Memorial House" held today. She said: I was born in Shanghai and later went to Taiwan. I returned to the mainland to study. I know that both our compatriots on the mainland and in Taiwan hold that there is only one China and that they are the descendants of the Yan yellow emperors. The reunification of the motherland is the common aspiration of our compatriots on both sides of the Taiwan Strait. She also said: In recent years, I visited the mainland several times. I have seen great changes and progress on the mainland. This shows that the policies conform to the people's aspirations and to China's realities.

Madame Sun Suifang happily said that she was cordially received by Comrades Deng Xiaoping, Ye Jianying, and Deng Yingchao during every visit to China.

Madame Sun will visit Kyoto and Osaka and then go on to Hawaii.

U.S. SENATORS ARRIVE FOLLOWING MAINLAND TOUR

OW171017 Taipei CNA in English 0944 GMT 17 Nov 84

[Text] Taipei, Nov. 17 (CNA) -- Four U.S. Senators, led by Sen. Jake Garn (R-Utah) are scheduled to arrive at Taipei's military airport this evening aboard a special plane for a three-day visit.

The senatorial mission includes Paul Laxalt (R-Nevada), John C. Danforth (R. Missouri), and Alan K. Simpson (R-Wyoming). Informed sources here said that some U.S. economic specialists and finance consultants will also come here together with the four law-makers.

President Chiang Ching-kuo and Premier Yu Kuo-hwa are expected to meet with the American Senators during their sojourn in Taipei. Other government leaders also attach special significance to the senatorial delegation which just concluded a visit to Peiping before coming to Taipei.

A government official, who declined to be identified, said that such visits on both sides of the Taiwan Straits will certainly cement the impression of the American people toward this country, by giving them a good opportunity in comparing the sharp contrast between Taipei and Peiping. In doing so, he said he believes it will consolidate the American support for the Chinese Government on this island.

Among the four U.S. Senators, Sen. Laxalt made headlines in U.S. when he was one of the three Republican leaders summoned to the White House after U.S. President Ronald Reagan won his first term election in 1982. He was described by U.S. journalists as President Reagan's "first friend" and "court truth teller." The Nevada Republican was reported to have rejected former U.S. President Jimmy Carter's decision to sever diplomatic relations with this country in 1979.

Chiang Ching-kuo Receives Visitors

OW190249 Taipei CNA in English 0236 GMT 19 Nov 84

[Text] Taipei, Nov. 18 (CNA) -- President Chiang Ching-kuo Sunday afternoon received four U.S. Senators and their wives in an audience at the presidential building.

The president extended his welcome to the U.S. visitors. They are Senator Jake Garn (R-Utah), Senator Paul Laxalt (R-Nevada), Senator John C. Danforth (R-Missouri) and Senator Alan K. Simpson (R-Wyoming).

President Chiang exchanged views with them on matters related to the current east Asian situation and the Sino-American relations. President Chiang also thanked the visitors for their steadfast friendship toward the Republic of China and believed that this visit will give them a true picture of this country and help promote the mutual understanding between the two countries.

In return, the visitors expressed their gratitude to President Chiang for his warm reception and recognized that the traditional Sino-U.S. relations will certainly be further strengthened and promoted under the stable and sound bastion.

Taiwan Relations Act Reaffirmed

OW191255 Taipei CNA in English 0935 GMT 19 Nov 84

[Text] Taipei, Nov. 19 (CNA) -- Two American senators said Monday President Ronald Reagan remains a friend of the Republic of China [ROC] and assured Taipei that the U.S. will continue honoring the Taiwan Relations Act.

Senator Paul Laxalt (R-Nevada) and Senator John Danforth (R-Missouri) gave the assurances at a press conference before they left Taipei with Senators Jake Garn (R-Utah) and Alan K. Simpson (R-Wyoming) after a two-day visit.

Laxalt, who is a close friend of President Reagan, said, "you cannot have a better friend in the White House than Ronald Reagan," adding that the Republic of China enjoys "strong support in Congress." He described himself and his three other Republican colleagues as "strong supporters" of this country.

Commenting on U.S. commitment to the Taiwan Relations Act, Senator Laxalt said he does not anticipate any "substantial revision" of the law. The senator said their meeting with President Chiang Ching-kuo Sunday was "cordial and forthright." Praising Free China's economic progress, he said, "you are travelling along a correct path."

Senator Danforth, responding to a press query, said President Reagan's attitude toward the Republic of China has no fundamental change since his visit to the Chinese mainland last April. As to the Taiwan Relations Act, the senator said the President and Congress will "abide by that law."

Danforth, who visited the mainland with his colleagues before arriving in Taiwan, said the ROC economy is "comparatively favorable in every aspect." Senator Danforth, however, expressed grave concern about the trade imbalance between the U.S. and the Republic of China. He said the projected U.S. deficits with the ROC this year is U.S. \$10 billion, from last year's U.S. \$6.6 billion. He expressed the hope that the ROC will take steps to improve the situation.

YU KUO-HUA ATTENDS GRAND ALLIANCE MEETING

OW190307 Taipei Domestic Service in Mandarin 2300 GMT 14 Nov 84

[Text] ROC Premier Yu Kuo-hua pointed out: The Chinese Communists are in a desperate dilemma. Our task today is to help the one billion people on mainland China make their dream to rebuild the nation through the practice of the three principles [democracy, people's livelihood and nationalism] come true. Premier Yu made this remark yesterday at the closing ceremony of the meeting of overseas chapters of the Grand Alliance for China's Reunification under the Three Principles of the People. He said: The Chinese Communists have also fully realized: Only by unifying the Republic of China, will it be possible to relieve the compatriots on the mainland of their hardship, and only by practicing the three principles, will it be possible to promote their well-being. He said: The growth of the Republic of China means the downfall of the tyrannical rule of the communists, while the successes of the three principles means the failure of communism. Premier Yu went on saying: In spite of the fact that the Chinese Communists have babbled about "opening to the outside world, and enlivening the economy" and about "one country, two systems," nobody would believe that under their totalization rule, the Chinese Communists would tolerate the modernization of their economic system and improve the people's livelihood. Premier Yu pointed out: After suffering many years of hardship, the compatriots on the mainland have already spurned communism and yearned for the practice of the three principles, and the Chinese Communists are apparently in a desperate predicament. Therefore, the prospects are good in unifying China under the three principles. So long as we take this opportunity, display the revolutionary spirit and join our efforts, we will definitely be able to achieve our sacred task.

HSIN WAN PAO ON NUCLEAR TALKS BETWEEN U.S., USSR

HK170700 Hong Kong HSIN WAN PAO in Chinese 16 Nov 84 p 2

["New Talk" column: "Reagan Arranges To Have Nuclear Talks With the Soviet Union"]

[Text] After he was reelected President, U.S. President Ronald Reagan immediately arranged to meet the leaders of several countries. FRG Chancellor Helmut Kohl will visit the United States at the end of next month and Japanese Prime Minister Yasuhiro Nakasone will visit the White House on 12 January, perhaps to learn from Reagan the trend of his policies in the coming 4 years.

During the election campaign Reagan pledged that he would hold summit talks with Soviet leaders to make up what he failed to do in the previous 4 years, but when he met the grand duke of the Grand Duchy of Luxembourg 2 days ago, he expressed the hope that he would hold "fruitful talks" with Soviet leaders, "in particular, on arms control." Judging by these words, it is necessary for the United States and Soviet Union to first resume the disarmament talks. Only by so doing can they ensure that there will be some results when the heads of the two countries meet. If they meet for the mere purpose of meeting, the results will perhaps be the contrary.

It has been more than half a year since Soviet leader Konstantin U. Chernenko came to power. Time and again there have been rumors that his health is poor and that his position is not stable. Though he appeared at the time before and after the October Revolution anniversary and has many times called for improving U.S.-Soviet relations, there are still some people in the world who think that he is only a transitional personage. Mikhail S. Gorbachev, an up-and-coming younger leader who is the No. 2 personage in the Soviet Union at present, will visit Britain next month and hold talks with the Iron Lady, Mrs Thatcher, on relations between the two countries and on the international situation. The United States is paying great attention to this man's activities and wants to know his level of understanding of the international situation.

At home, in the United States, the question of Nicaragua has given rise to contradictions between some senior officials. U.S. Secretary of Defense Caspar W. Weinberger and Jeane Kirkpatrick, U.S. permanent representative to the United Nations, take a hard line stance and even have no scruples in resorting to arms in order to suppress the leftwing government of Nicaragua. However, George Shultz, secretary of state, and Robert C. McFarlane, deputy assistant to the president for national security affairs, think that a dialogue has to be held with the existing Nicaraguan Government. When he attended the meeting of ministers of foreign affairs of the Organization of American States, Shultz even said that those who spread the rumor that Soviet ships were transporting MIG-21 fighters to Nicaragua had committed crimes by so doing.

The conflicts between these two factions of officials is focused on U.S.-Soviet relations. Weinberger and others advocate confronting the Soviet Union from the position of strength, while Secretary of State Shultz upholds a dialogue. Their views differ widely.

According to a report by the Washington correspondent of UNITED PRESS INTERNATIONAL, the day before yesterday, Reagan summoned his top foreign affairs advisers to the White House to discuss foreign policy for the next 4 years. Both Shultz and McFarlane attended the discussion.

Though the reporter did not disclose the content of the discussion, he said, "There are strong indications that Shultz will be assigned full powers to deal with the nuclear talks," and "it seems that Shultz will meet Soviet Minister of Foreign Affairs Andrey Gromyko early next year."

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This has been a balance that Reagan has struck at home, but he has not negated Weinberg and his supporters' attempt to suppress Nicaragua. Yesterday Shultz said that more Soviet ships were sailing toward Nicaragua to continue to deliver additional weapons. There has been some change in his attitude in these words compared with when he denied that new Soviet fighter planes were being delivered to Nicaragua.

The Pentagon has deployed over a dozen big and small warships outside the ports of Nicaragua to watch ships that enter and leave the ports, but what it underscores is the threat the general mobilization of Nicaraguan troops has created to El Salvador and Honduras. When there is an actual necessity, it is very possible that the United States will instigate these two countries to send troops to attack Nicaragua. In this way it will first use others to fight for it and then indirectly do what it wants to do.

On the one hand, Nicaragua is strengthening the defenses on its northern border and on the other hand it has promised to hold talks with the United States. Compared with the period immediately after the success of the guerrilla war, the new government of this country is becoming increasingly mature.

HSIN WAN PAO ON U.S. INDIVIDUAL INVESTMENT IN PRC

HK160945 Hong Kong HSIN WAN PAO in Chinese 14 Nov 84 p 3

["Random Financial Talk" column by Hsu Tzu-hsiang: "New Trends in U.S. Investment in China"]

[Text] At present, the large primitive forests that attract explorers are in Brazil as well as in China.

Proceeding from the fact that China is an investment region opening to the outside world, it can also be regarded as a primitive forest. Undoubtedly, it is attracting more and more foreign investors.

Over the past five years, how much foreign investment has China imported? The answer varies on this point.

Yugoslav resident correspondent in Beijing Lanqiqi [5695 1148 1142] reported that foreigners had agreed to invest about \$5 billion. The first deputy bureau director of the Ministry of Foreign Economic Relations and Trade, Wei Wen [3634 2429], said that the "directly utilized" foreign investment totaled \$6.8 billion. Recently, Vice Minister of Foreign Economic Relations and Trade Wei Yuming said that by the end of June this year, the total amount was nearly \$8 billion. Nevertheless, the last-mentioned figure shows a significant increase when compared with any of the former figures.

The majority of these investments comes from Hong Kong or passes through Hong Kong. The next source of investment is the United States, followed by Japan and Western Europe. There is a report that United States direct individual investment over the past 5 years totals \$676 million. The amount of \$676 million is not a huge sum, as it is just about one-sixteenth of total U.S. investment in the ASEAN countries.

However, everything must begin from the "first." The first second of a day, the first day of a year, and the first step in a walk of ten thousand li. All of these begin from the "first." Though there are still problems in beginning from the "first" for many U.S. investors when investing in China, U.S. investment in China has, generally speaking, been begun from the "first." Once there is a first, there comes a second, a third, and further increases. The present situation is just like this.

We can recognize this trend in general just by making a comprehensive survey of U.S. individual China investment activities since the beginning of this year.

During this year, HP of the United States signed in Beijing a protocol on the principle of entering into a joint venture. Wang Laboratories and the first factory of Hubei jointly run a joint development centre for Chinese computers. The Shanghai television picture tube glass works, jointly run by Corning Ltd. of the United States which invented the television picture tube, has been put into operation. IBM has established China IBM Inc. The Otis Elevator Co. of the United States jointly runs the China Tianjin Otis Elevator Co., Ltd. with Tianjin. The Sun Co. of the United States invests in Shenzhen. The Beijing Jeep Corp., Ltd., which is a joint venture of American Motors Corporation and Beijing, began operations early this year. Heinz [Heng Shi 0077 1102] of the United States has signed an agreement on investing in Guangdong in the production of infant milk powder. The prominent Beatrice Foods Co. and Guangdong last month jointly inaugurated the Guangmei Foods Co., Ltd. In addition, the famous U.S. tobacco company, Reynolds, has signed an agreement on establishing a new cigarette factory in Xiamen special economic zone to produce "Winston," "Camel," and "Salem," as well as new brands of cigarettes.

This information is incomplete. Furthermore, investment activities which are under way or are ready to commence are excluded. These activities include, for example:

Recently, an 80-odd member U.S. delegation, consisting of representatives from 28 companies, 6 consortia, and 4 firms of solicitors of the United States, and led by former U.S. Secretary of State Vance, attended China's conference on international investment law. It is heard that the delegation also negotiated at the conference on items of investment.

A Chinese petrochemical industry delegation, formed by the departments concerned, is visiting the United States.

Moreover, ASSOCIATED PRESS reported on 15 October this year that a U.S. individual investment delegation would visit China on 26 November. The delegation would be led by Na Lun [4780 0243], chairman of the U.S. individual overseas investment company, and Trowbridge [luobuliqi 5012 1580 6849 1142], former secretary of commerce of the Johnson administration and chairman of the U.S. National Association of Manufacturers.

All this shows that a new upsurge of direct individual investment in China is gradually forming in the U.S. So long as this situation continues to develop, direct U.S. individual investments will quickly exceed the amount of investment from Hong Kong, and will rank first in China's foreign investment. Both China and the United States should, of course, pay attention to and cherish this new trend.

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